

Meat-up Ffire

Fairness, freedom
and industrial relations
across Europe: up and down
the meat value chain

edited by
Piera Campanella
Davide Dazzi

Diritto del Lavoro

NEI SISTEMI GIURIDICI NAZIONALI,
INTEGRATI E TRANSNAZIONALI

Collana fondata da Giuseppe Pera
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The volume gathers the results of a two-years research project named Meat-up Ffire Fairness, Freedom and Industrial Relations across Europe: Up and Down the Meat Value Chain (University of Urbino Carlo Bo as lead applicant) and is published with the financial support from the European Union Meat-up Ffire Project – G.A. no. VS/2018/0014. European Commission/Employment, Social Affairs and Inclusion DG/EMPL.A.2 – Social dialogue.

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Introduction

By *Piera Campanella, Davide Dazzi*

This volume gathers the results of the research carried out as part of Meat-up Ffire, a project financed by the European Commission (G.A. 2018/0014) with the aim of investigating the contribution of industrial relations structures, including social dialogue, in reaching outcomes of economic growth and competitiveness, as well as social inclusion and fairness. Nowadays, it is anything but easy to speak about industrial relations, particularly after the problematic impact of the economic crisis and the austerity policies imposed as a result, with the economies of many European countries now having low levels of trade union density and industrial action. However, social dialogue remains one of the European Pillars of Social Rights, and in that vein the Meat-up Ffire project intends to contribute to the improvement of such a dialogue, through innovative solutions in the field of industrial relations.

The sector under analysis is the meat industry. Today, as a result of global competition, as well as aggressive retail pressure, this industry is under pressure to reduce costs, which of course entails harmful effects on the terms and conditions of employment, as is evidenced by the development of the practice of “social dumping” across Europe.

While looking at the meat value chain as a whole, this project proposal primarily focuses on the pork value chain. This choice of focus is owed to three factors. Firstly, the biggest European meat companies form part of this chain; secondly, pork ranks at the top of EU meat consumption; and thirdly, the pork sector in Europe is facing many challenges in connection with its structure, processes, resources, and environmental sustainability.

For all of these reasons, the pork value chain is an excellent example of broad economic, social, and labour trends, such as global competition and outsourcing processes, reduction of labour costs and social dumping, low wages, precarious work and illegal working conditions, the exploitation of

migrant workers, tax evasion and tax fraud, human trafficking, and other criminal phenomena.

For the same reasons, the pork value chain was selected as a key area for research activities aimed at investigating and supporting industrial relations so as to improve social inclusion and fairness, as well as fair competition among companies and a sustainable economy.

The project started from a study of the pork value chain at all stages with regard to each target country and then also from a European and comparative point of view. Then it proceeded with an investigation of the possible role of social dialogue and industrial relations in the governance of the pork value chain. In order to better contextualise the enquiry into social dialogue practices at the national level in all the target countries, we produced a synthetic reconstruction of the industrial relations framework in general at the national level by also considering the different and more general consolidated models in Europe. Afterwards, we analysed the national industrial relations frameworks in the pork value chain at the European level and the level of the target countries.

Finally, we selected the most relevant case studies per country at the local or company level. These case studies gave us the possibility to study innovative practices, but also revealed some problematic cases involving high levels of inequality and social vulnerability, as well as heavy industrial conflict.

The research was carried out from both a European and a comparative perspective, with the collaboration of a consortium of seven European partners and five EU Member States – Italy, Belgium, Denmark, Germany, and Poland – selected on the basis of the various European capitalist and industrial relations models, the significance of their pork sectors, and their involvement in “social dumping” practices. Finally, the research also offers an analysis at the local level, taking into account laws, public policies, territorial and company agreements, and case studies at that level.

In this context, the research considered all possible innovative trade union efforts and legal measures aimed at fighting social dumping and unfair competition practices at the European, national, and local levels, as with the example of the EFFAT campaign against social dumping and some specific initiatives carried out by the German and Italian trade unions. From this point of view, our research relied on the participation of EFFAT, FLAI-CGIL, and the NNF Denmark Food Workers’ Union as associate partners.

As for the methodology, the research was carried out from both an economic and a sociological perspective, with legal analysis playing a key role, specifically in the field of trade union and labour law.

In order to allow readers to better orient themselves among the topics

covered by Meat-up Ffire, the book is divided into three parts, corresponding to the project's main research areas.

The first part takes a European approach and consists of one chapter, dedicated to the pork value chain in Europe. This analysis is intended to shed some light on the chain's structure, its environmental problems, and inter-EU trade relationships, as well as on the characteristics of the chain's labour market.

The second part analyses the chain's structural characteristics and its industrial relations in the project's partner countries. It is therefore focused on the national level and contains five chapters, one for each partner country.

The third part returns to a European dimension in order to investigate industrial relations in the pork value chain across Europe and provide some final recommendations for improving the governance of this chain by trade unions, paying particular attention to the relation between social dialogue, law, and measures on administration and corporate responsibility.

We would like to thank the European Commission, who provided us with the financing that made this project possible, and especially Joé Rieff for his support and attention throughout. We would also like to thank the rector of the Carlo Bo University of Urbino, Vilberto Stocchi, for having believed in and promoted the project. A word of gratitude also goes out to the wonderful administrative staff, Gianni Berardino and Joseph Fontana; as well as to the Research and Relations Office of the Carlo Bo University of Urbino, staffed by Fabrizio Maci, Sara Goderecci, and Monica Ruggeri; and to our project assistant, Stefania Battistelli, who worked hard to assist us throughout the duration of the project. Last, but not least, we are very grateful to Giulio Centamore for his invaluable contribution to our research, as well as for his coordination and editing of this book.

A final heartfelt thanks to all the social partners, public actors, workers' representatives, consultants, labour inspectors, NGOs, associations, scholars, experts, lawyers, and judges, without whose contribution and willingness to help the project would not have been possible.

Part I

*The pork value chain in Europe:
structure and labour market*

1. Structural characteristics of the European pork value chain: a quantitative analysis

*By Eduardo Barberis, Daniela Freddi, Raffaele Giammetti,
Paolo Polidori, Désirée Teobaldelli, Elena Viganò*

1. Introduction

This chapter aims to provide some insights into the structure and peculiarity of the European pork value chain. In particular, it offers an overview of the different types of value chains via our own elaborations on Eurostat and FAO data referring to (a) the European pig population and pig meat production, (b) the cost and price trends in the European pork sector, (c) the trade relationships among European countries and between Europe and the rest of the world, and (d) the characteristics of the labour force.

Although the chapter tries to reconstruct a European picture, it focuses specifically on the following five countries involved in the Meat-Up Ffire project: Belgium, Denmark, Germany, Italy, and Poland. It also suggests topics for further research on the European pork system by highlighting both weaknesses and opportunities for European pork chains, whose trade-off needs to be further addressed through an interdisciplinary analysis.

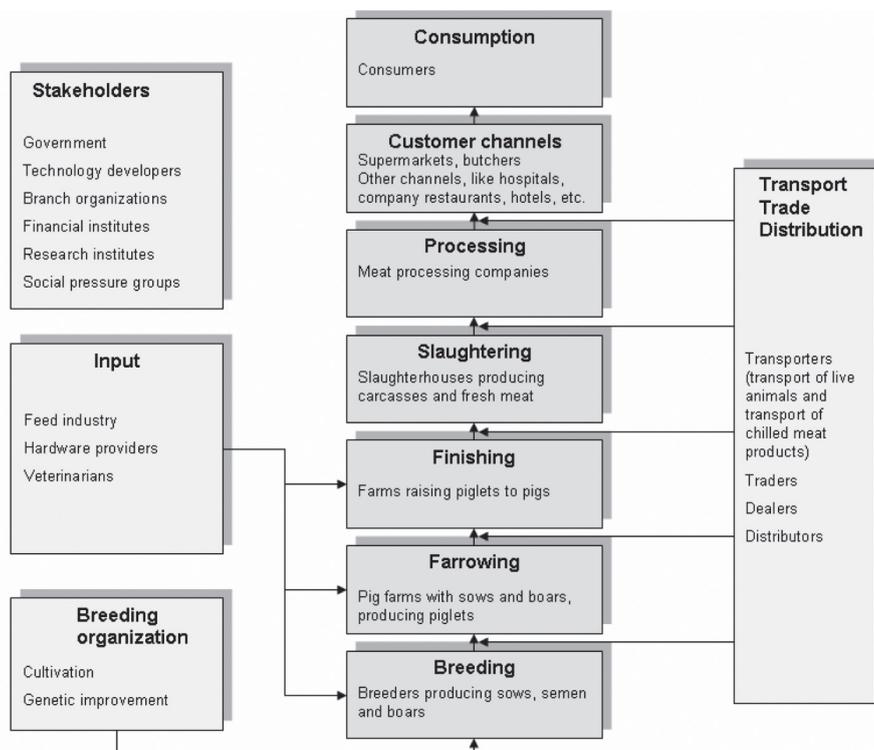
2. Structural characteristics of the European pork chain

The European pork production system is characterized by different types of supply chains, covering several processes: breeding, farrowing, finishing, slaughtering, processing, retail. Each of these has specific quality systems, governance structures, and supporting technologies. The chain starts with the production of piglets, proceeds through fattening and finishing, moves on to slaughterhouses and meat processors, and finally reaches retailers and consumers, this over a period of six months¹.

¹ Trienekens, Petersen, Wognum, 2009.

The various processes are carried out by separate organizations, although in several cases forms of integration exist (i.e., between farrowing and finishing or slaughtering and processing). In addition, there are input providers (e.g., the feed industry and transporters) and stakeholders – such as governments and branch organizations. Figure 1 gives an overview of the pork chain as a network of interacting organizations aimed at delivering pork products to consumers.

Figure 1 – The pork chain



Source: Trienekens, Petersen, Wognum, 2009, p. 3.

Along the value chain, specific challenges related to its structure, processes, and resources may arise. For example, slaughterhouses tend to have an overcapacity in production technology, but an undercapacity in labour resources, so it is not uncommon for workers from other countries to be hired for specific periods – not without being placed in some cases under conditions of labour exploitation.

Also, retailers face several challenges, such as large seasonal variations in demand product, waste, requirements for conditioned transportation, and storage.

For these reasons an important concern of the chain management is to find the most effective and efficient way of adding value at minimal costs. In other words, the level of production cost (and not quality) is considered the most important parameter in the competitive situation among European pork companies. Therefore, in most European countries a concentration and upscaling trend in all steps of the chain is at play, starting with the feeding phase, as in the breeding phase. For example, consolidation in the retail channel has also led to consolidation in the pork sector, such as upscaling of slaughterhouses to counterweigh retail power². In general, it is evident that southern and eastern European countries are following this trend that was previously underway in northern European countries like the Netherlands, Germany, and Denmark.

The concentration level differs per chain stage and per analysed country. In northern and western European countries, the five largest retailers have market shares of up to 90%, while southern European countries still have more grocery shops. In other countries (e.g., in eastern Europe) supermarkets are emerging rapidly.

In most countries, large slaughterhouses have the biggest market share, or are growing rapidly, and concentration varies at the slaughtering stage. In the Netherlands the largest slaughterhouse company covers up to 60% of the pork market, and in Germany ten companies dominate the slaughtering sector, with a market share of around 77% of slaughtered pork, and the top four firms control over 60% of the market. In the processing and farrowing/finishing stage, concentration and upscaling are also taking place, although many small, often specialized, companies remain, particularly in countries like France, Spain, and Germany. In the feeding industry, there is a strong concentration tendency in all countries (in Germany and the Netherlands the largest companies have over 50% and 65% market share for feed respectively), and the same goes for the breeding stage, where the Netherlands, Germany, and Denmark have the largest companies, which deliver pigs all over Europe.

In southern Europe there is (still) much more fragmentation and competition between companies at different stages of the pork chain.

The evolution of the supply chain is strongly conditioned by the presence of large multinational companies. In the slaughtering phase we could point out, for example, Tonnie Holding (the largest slaughtering house in Ger-

² Trienekens, Wognum, Nijhoff-Savvaki, Wever, 2008.

many, with a market share of just under 28%) and Vion Food Group, a Dutch company with sixteen of twenty-five production sites based in Germany, and both also specialise in the meat processing sector.

Vertical integration is another aspect that deserves to be outlined a focus. In this respect, there are two main organizational solutions. In many European countries (Germany, Belgium, and France), spot-market transactions; informal long-term relationships; and marketing contracts, establishing selling/buying obligations, are still dominant. In other important producing countries (Denmark, Spain), stricter forms of vertical coordination have replaced less coordinated forms of production. In these cases, production contracts and contract farming are prevailing – both severely reducing farmers’ entrepreneurial freedom and making them more or less dependent on centralized decision-making by processors – or even vertically integrated production systems with farms owned by slaughterhouses which procure slaughter pigs in-house. In some countries, like Poland, contract farming is seen as a means to establish modernized agri-food chains.

In major European chains, (formal) contractual relationships are relatively rare: even though most relationships are long-term, they are often not formalized in written contracts. This may result in an imbalance of information and bargaining power between different groups.

Rather than through contracts, vertical coordination is achieved through product and process standardization. For example, in Germany, pork producers have remained independent from the slaughterhouses, and coordination takes place through quality and information systems.

However, one development that can be recognized in various chains is the integration of finishing and farrowing.

3. The European pork chains: statistics and data analysis

The meat industry is the largest subsector in the European food industry, and the pork industry is the largest subsector in the meat industry as measured by turnover, export shares, company size, and internationalization³.

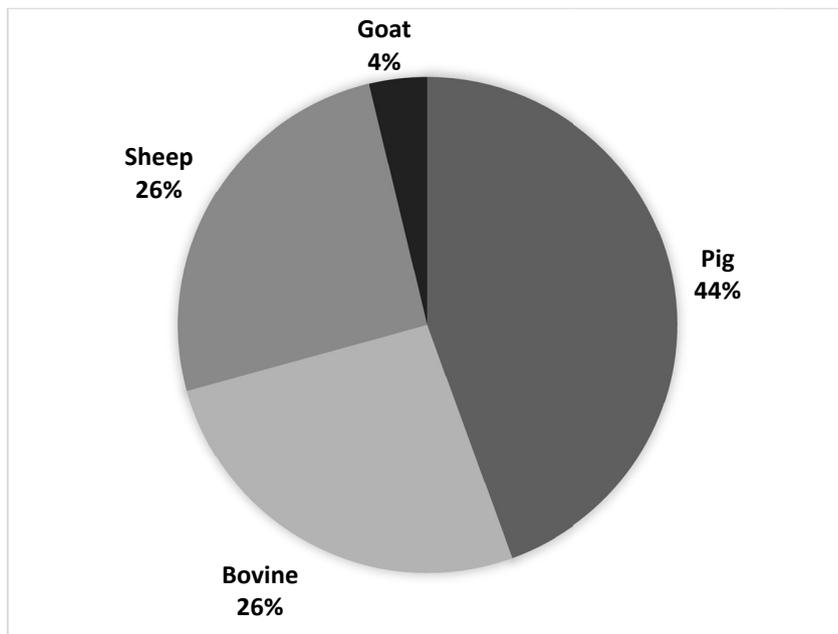
In this section, we present some analyses, based on our own elaborations on Eurostat and FAOStat data, with the aim of providing a broad picture of the pork industry in Europe, especially in what concerns pig population and pig meat production, cost and price trends, trade relationships among European countries (taking global trends into account as well), and the characteristics of the labour force.

³ Hamann, 2011.

3.1. Pig population

Whereas the world pig population stands at a little under 1 billion⁴, the number of live pigs in EU28 is just under 150 million, accounting for 44% of the total livestock population, as shown in Figure 2.

Figure 2 – Animal population in EU28 (%; 2017)

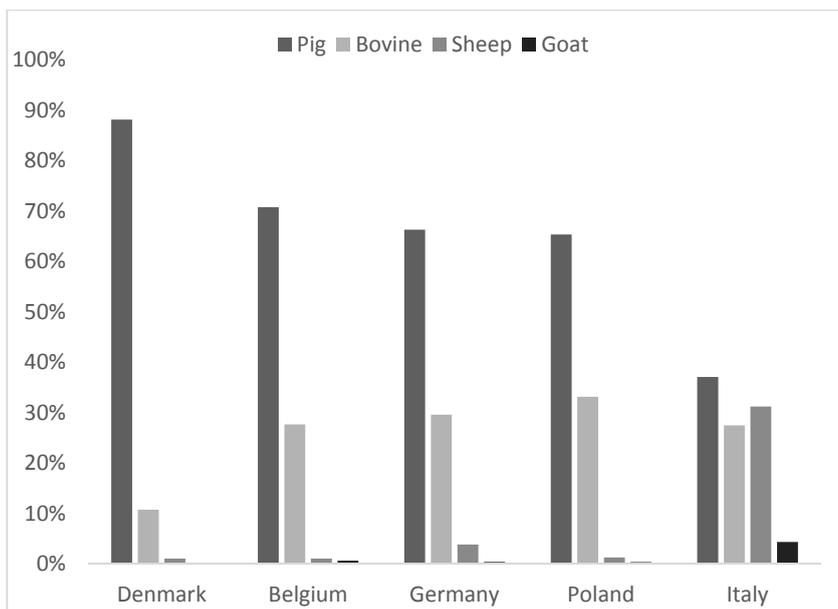


Source: Own elaborations on Eurostat.

In particular, in Figure 3, we can see that this share is even bigger in some countries such as Denmark (12,832,000), Belgium (6,108,080), Germany (27,552,790), and Poland (11,908,200). In Italy, by contrast, the number of live pigs (8,575,970) is close to that of live cattle and sheep.

⁴FAOStat – 967,385,101 in 2017.

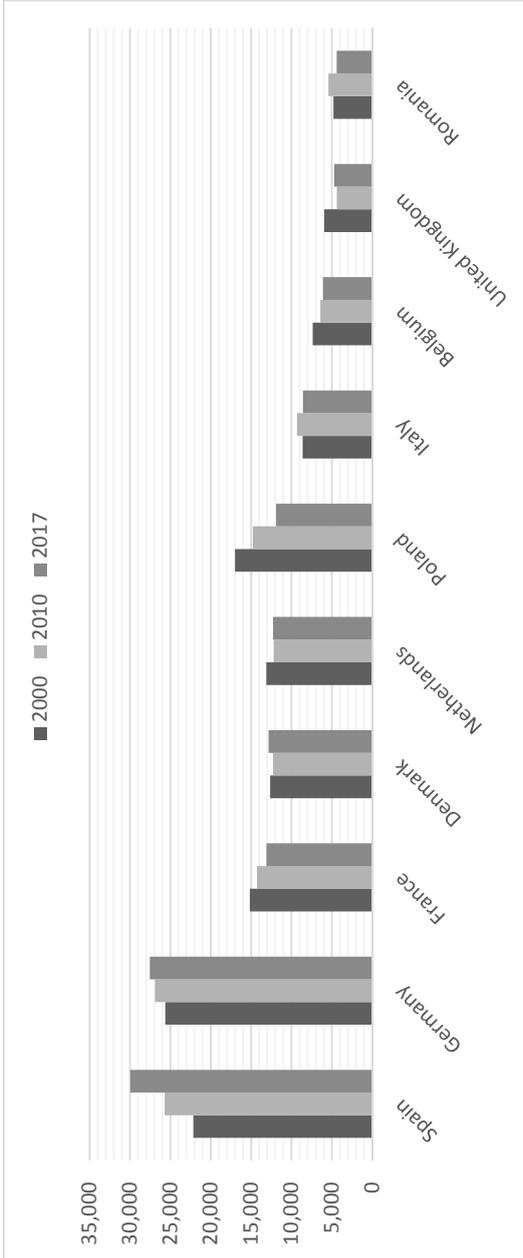
Figure 3 – Animal population in EU28 (%; 2017)



Source: Own elaborations on Eurostat.

During the last decades, there was a drop in total livestock in EU28. From 2000 to 2017, pig population decreased from 158 million to about 150 million. Despite the general decrease in the number of pigs at EU level, in Germany and (most rapidly) in Spain the number of live pigs has been increasing since 2014 (Figure 4). This suggests that the role of EU countries in the European pork value chain has been changing over the last decade. In particular, we see that two countries, Spain and Germany, increased their predominance in the market, while almost all the other countries maintained or weakened their position. Particularly interesting is the case of Spain, as in 2000 the number of pigs in the country was among the highest in Europe but much lower than in Germany. In only seventeen years Spain was able to overtake Germany in this respect, while all the other countries have been “losing” pigs.

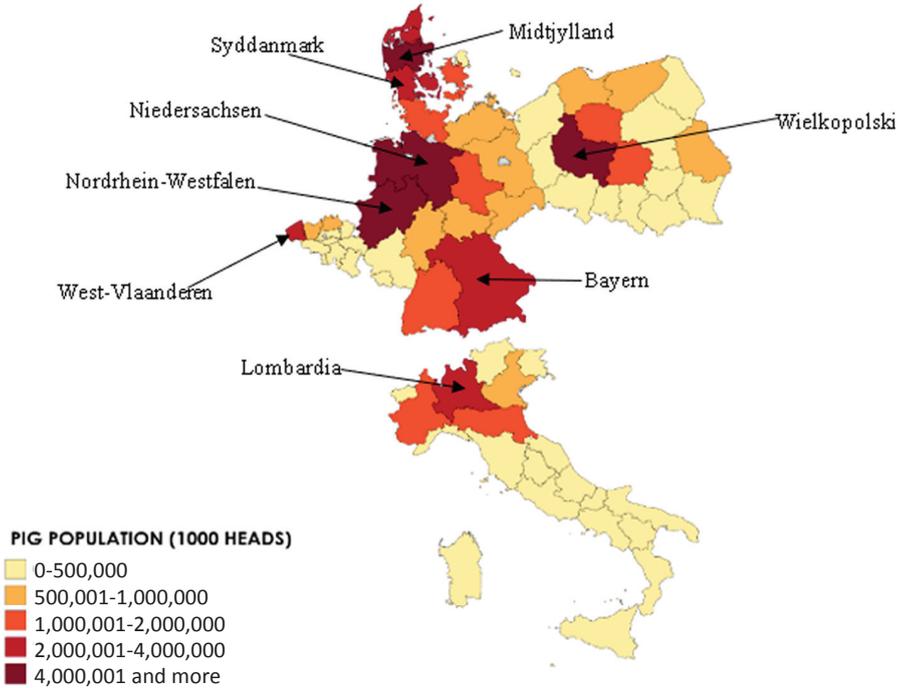
Figure 4 – Pig population in the top ten EU countries (1,000 heads; 2000-2017)



Source: Own elaborations on Eurostat.

Figure 5 shows that the pig population today is highly concentrated in a few regions: Niedersachsen (DE), Nordrhein-Westfalen (DE), Midtjylland (DK), Wielkopolskie (PL), Lombardy (IT), Syddanmark (DK), Bayern (DE), and Provincie West-Vlaanderen (BE).

Figure 5 – Pig population in the EU (1,000 heads; 2017)



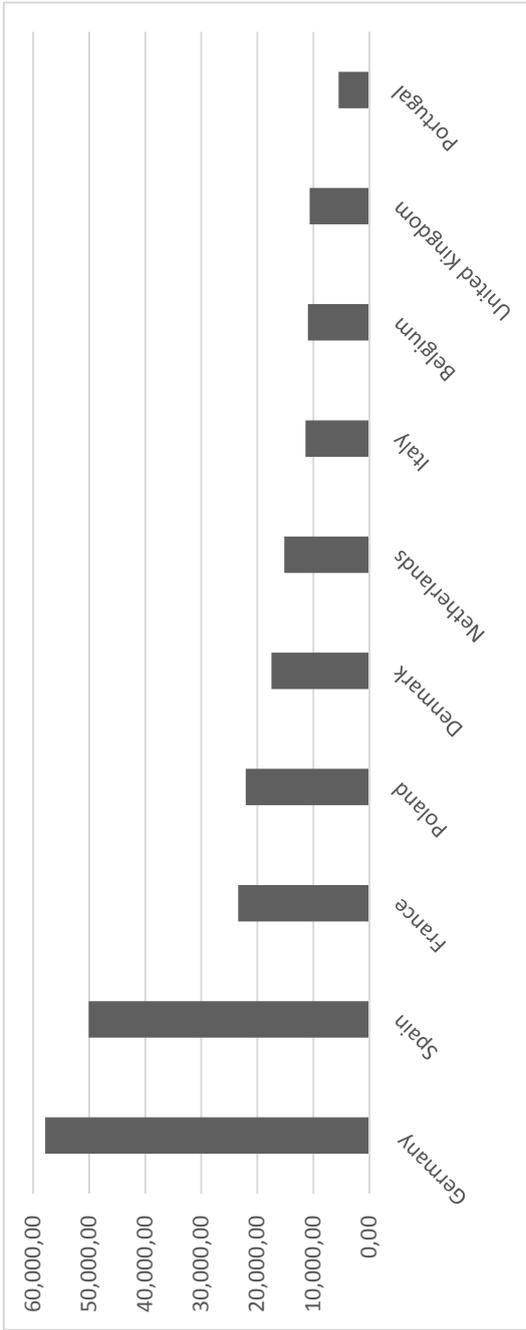
Source: Own elaborations on Eurostat.

3.2. Pig meat production

Figure 6 draws a general picture of European meat production in the top ten EU countries based on 2017 slaughtering data.

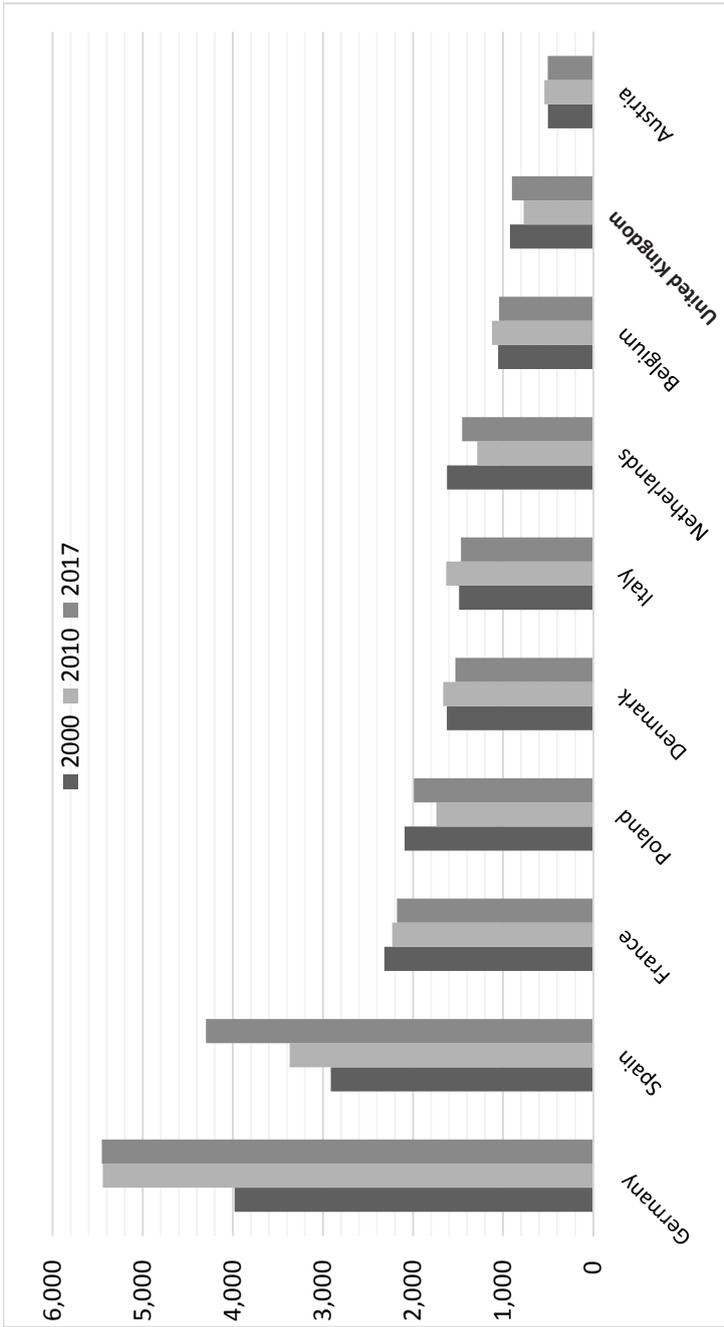
Similarly to data reported in Section 3.1, since 2000 the production of pig meat remained stable for most of the EU countries, but it increased significantly in Germany and in Spain (Figure 7). These results are in line with the data illustrated in Figure 4, even if we should note that while the number of pigs in Spain is higher than in Germany, this second country reports the high-

Figure 6 – Pigs slaughtered in the top ten EU countries (1,000 heads; 2017)



Source: Own elaborations on Eurostat.

Figure 7 – Pig meat production in the top ten EU countries (1,000 tonnes; 2000–2017)



Source: Own elaborations on Eurostat.

est number of pigs slaughtered per year. This is because, unlike Spain, Germany imports from other countries live pigs that can be fattened and slaughtered or that go straight to slaughtering, as we illustrate later in this report. The second aspect we would like to underline is that one-quarter of the total number of pigs slaughtered in Germany is slaughtered by one company only⁵, which shows how big and structured some German multinationals are, particularly in comparison with the average company structure of the sector in most EU countries.

3.3. Price and cost trends

Prices for carcasses and piglets are quite volatile in all countries. On average at the EU level, pig carcass price in 2018 was very low (€1.40 per kg). Italy has the highest price for both products (€168/100 kg for carcasses and €84/head piglets in 2018), whereas Belgium and Denmark present the lowest prices for carcasses (Figures 8 and 9).

Low prices can partly be explained by the presence of food-retail companies using their market power to push market prices down⁶.

Also, due to international competition, countries with greater exports have greater exposure to the global price war, and hence to an erosion of profit margins. In some countries this scenario is less likely, thanks to the process of greater specialization, which is associated with higher levels of productivity, as in the case of Denmark (a country characterized by technologically advanced labour, breeding, and slaughtering processes), or with the breeders' exploitation of economies of scale, ensuring a better financial position from which to cover costs, like in Germany.

For piglets, while Belgium and Denmark maintained their prices quite stable, Poland saw an increase (from €20 to €40), overtaking Belgium (Figure 9).

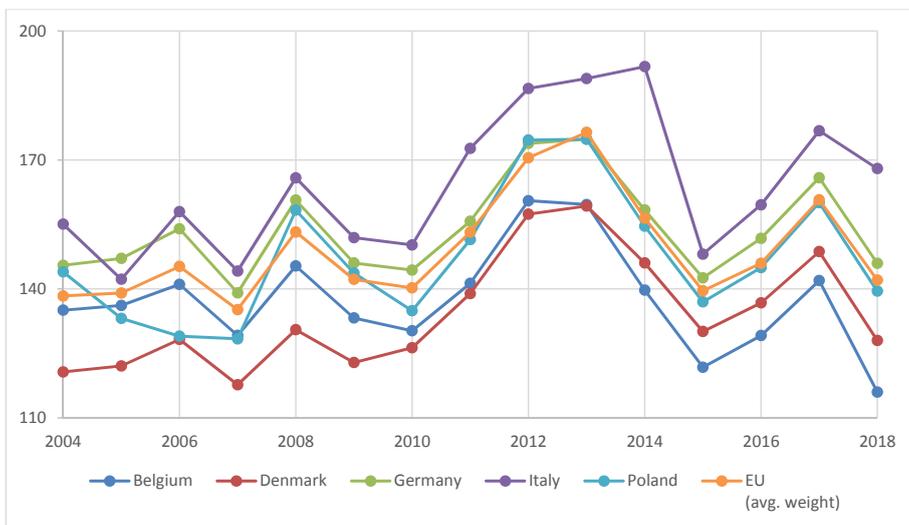
In Figure 10, production costs for EU countries range from €1.40 per kg carcass weight in Hungary to €1.80 per kg in Italy. The main specialised pig production countries in western Europe have a calculated cost of about €1.40-1.45 per kg, while the EU average is €1.49.

Countries with higher costs are Italy (as a consequence of the typically high slaughter weight), the United Kingdom, Ireland, and Sweden. The UK

⁵ See Chapter 4 in this book.

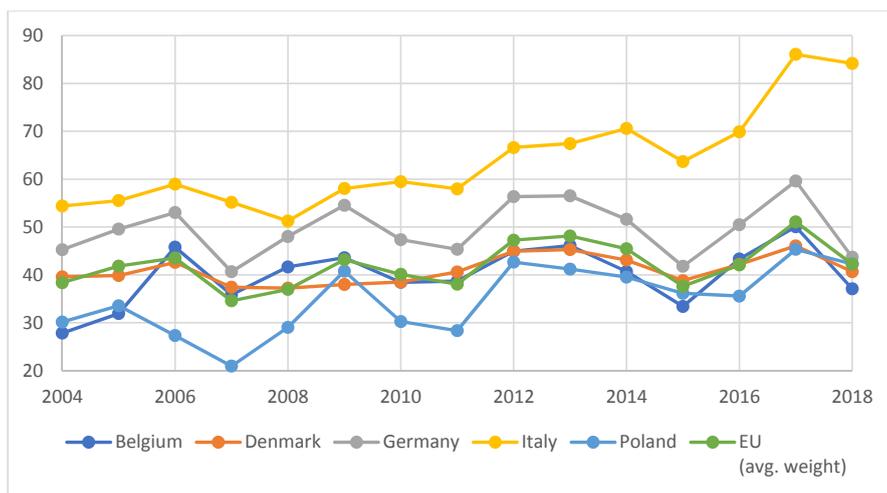
⁶ Several factors affect pig meat prices. Among the others, extraordinary events, such as the recent African Swine Fever (ASF), pushed prices up: see Fortune, 2019, reporting that “in a joint letter to the EU Commission by CLITRAVI, and [...] EFFAT, attention was drawn to the [...] ‘recent increase of the Chinese imports from Europe’ as the reason for the increase of [pig meat] prices of more than 25% compared to the price of the first week of the year”.

Figure 8 – Evolution of pig carcass prices (Class E) (€/100 kg; 2004-2018)



Source: Own elaborations on Eurostat.

Figure 9 – Evolution of piglet prices (€/head; 2004-2018)



Source: Own elaborations on Eurostat.

and Ireland have high feed prices and consequently high feed costs. Sweden has high building and capital costs, due to high welfare requirements and rather small farms.

Labour in breeding accounts approximately for 6% of production costs.

If we look at the global competition in terms of cost of production, we can compare the EU average cost of production per kg with countries outside the EU like Canada, the United States, and Brazil, here represented as two different regions – namely, the central region of Mato Grosso (abbreviated as MT) and the southeast region of Santa Catarina (abbreviated as SC) – due to huge differences in production systems and costs across regions. In Figure 10, we see that production costs in the European countries are higher than in Brazil, Canada, and the US. In particular, Brazil Mato Grosso has very low costs: less than €1 per kg.

Cost differences between countries can be explained by differences in feed costs. Brazil, Canada, and the US are characterized by low feed costs because of the large quantities of feed ingredients available. Moreover, in these countries labour is cheaper than in (western) European countries, and there are fewer regulations and laws in areas such as environmental protection and animal welfare. It is also true that cost calculations are reported in euros, which means that these calculations also reflect currency exchange fluctuations⁷.

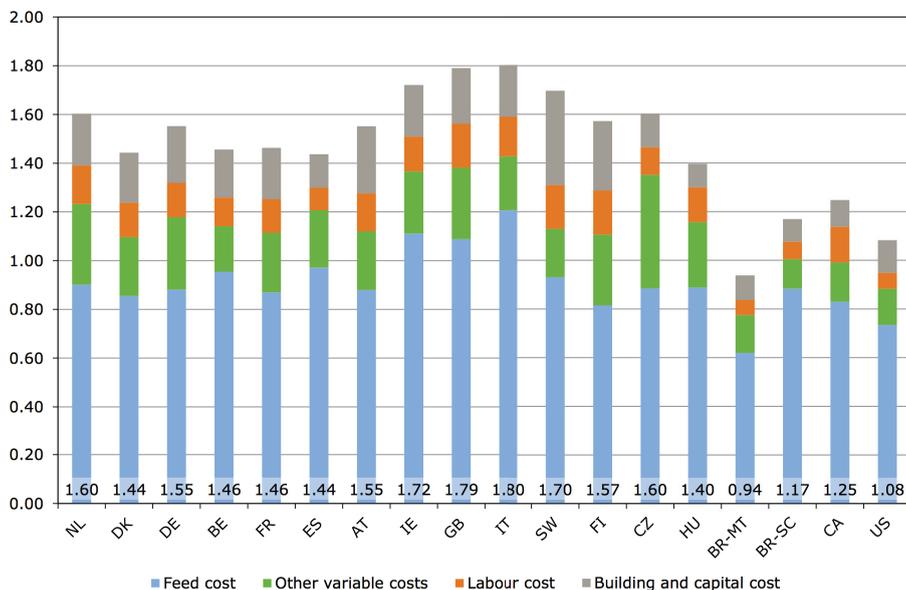
It is interesting to compare the production costs illustrated in Figure 10, which relate to the breeding phase only, with the sell prices for carcasses shown in Figure 8. In particular, we looked at the year 2015, which was a very bad period for pork producers, as prices reached the lowest level in the last fourteen years. In 2015, almost all countries were selling carcasses at prices which were about 15 cents per kilo lower than breeding production costs (thus excluding slaughtering production costs, too). This is to underline how volatile prices can be in this value chain, as often happens in the agri-food sector in general, with severe consequences for producers in breeding and slaughtering.

3.4. Trade relationships

In this section we analyse international trade relationships by focusing on EU countries, Canada, the US, and China. Two different perspectives will be discussed: (1) commercial flows among some of the most important countries in the pig trade sector, and (2) trade relationships among the EU countries by looking at live pigs, pig meat, and pig meat products.

⁷Hoste, 2017.

Figure 10 – Pig production costs (€/kg; 2015)



Source: Hoste, 2017.

3.4.1. China, the United States, and the European Union

China represents an important export market for the EU countries, Canada, and the US. Figure 11 shows the trend of exports to China and their share of total exports for these regions. Together, they account for almost 90% of Chinese pig meat imports.

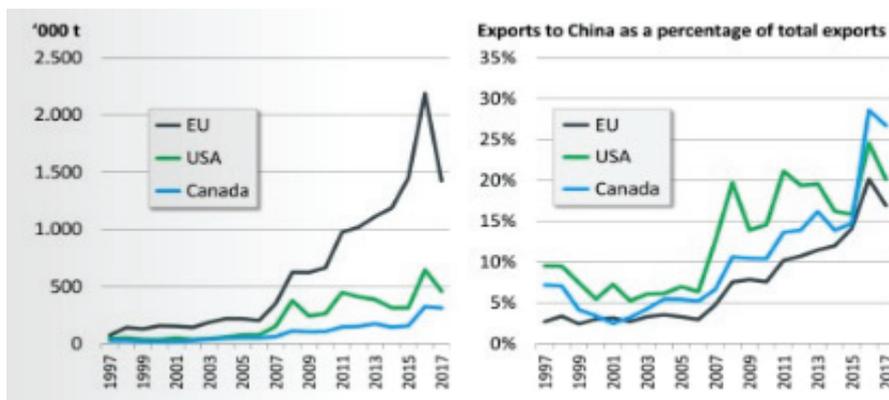
As we can see, there has been an increase in exports from 2007 onwards, especially from the EU. In 2017, exports to China and their proportions dropped significantly, probably due to stagnating demand and also to the increase in the Chinese pig production⁸.

Figure 12 shows domestic production and trade in pig meat for China and the three main import sources to China – namely, Canada, the US, and the EU – in 2016. Comparing China and the EU, for example, we can observe that Chinese imports represent only 2.6% of Chinese production, whereas exports are 0.3%. Looking at the EU, exports account for 21.2% of European domestic production and imports for 15.1%.

Focusing more specifically on EU trade, Figure 12a reports the EU's intra-extra trade in 2000, 2010, and 2016. The figure shows an increase in intra-EU

⁸ Deblitz, Verhaagh, Rohlmann, 2018.

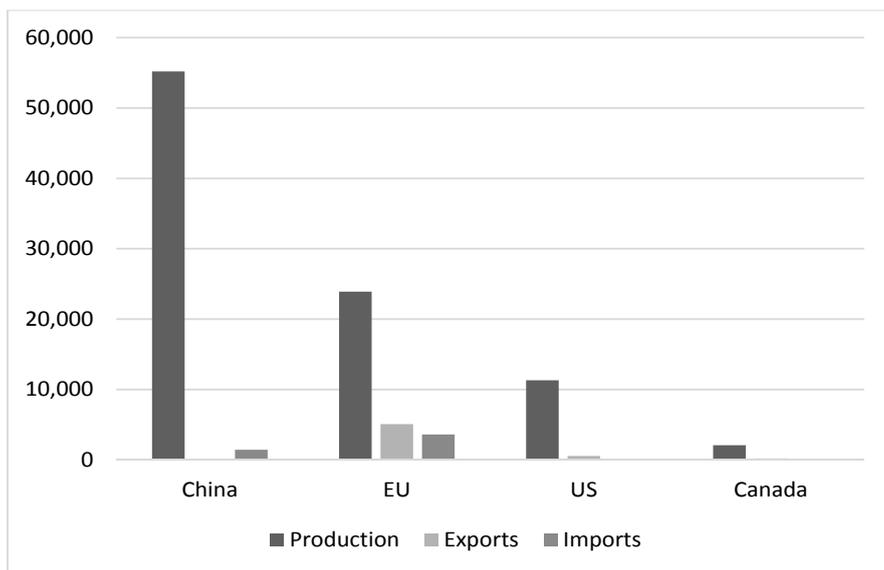
Figure 11 – Pig exports from Canada, the US, and EU28 to China (1997-2017)



Source: Deblitz et al., 2018.

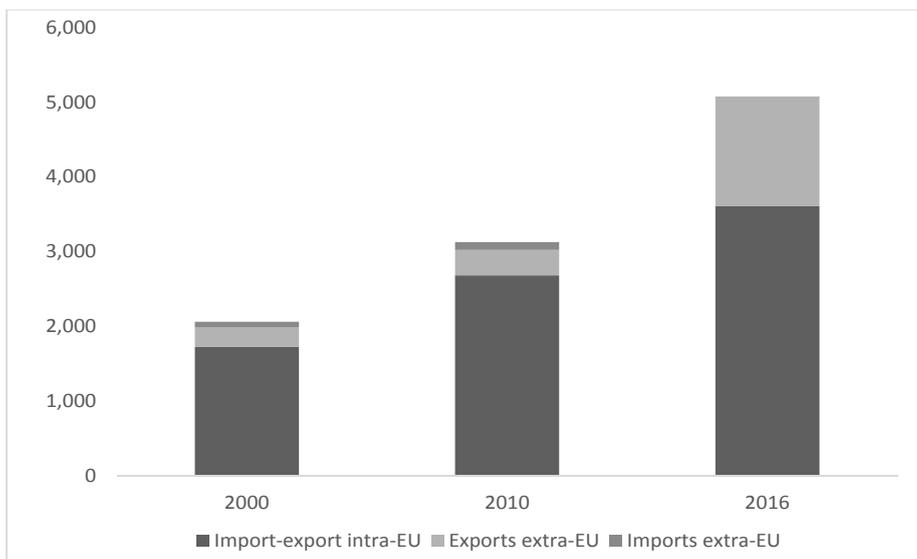
import-export trade over time, which was also accompanied by an increase in extra-EU exports. Then, looking at bilateral trade between the EU and China, the US, and Canada, in Figure 12b we can observe that in 2016 the EU countries mainly exported to China and, at a lower level, to the US as well.

Figure 12 – Production and trade in pig meat in China, Canada, the US, and the EU (1,000 tonnes; 2016)



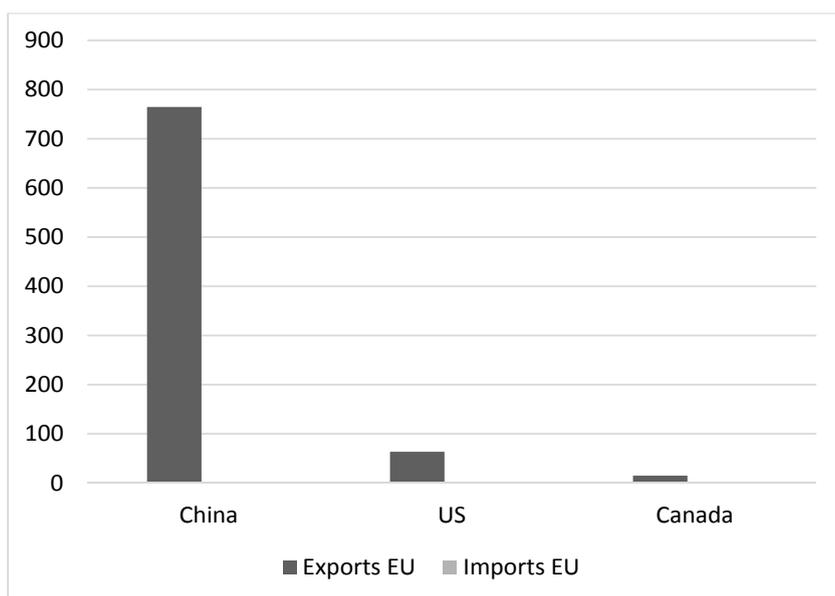
Source: Own elaborations on FAOStat.

Figure 12a – Intra-extra EU pig meat trade (1,000 tonnes; 2000, 2010, 2016)



Source: Own elaborations on FAOStat.

Figure 12b – EU bilateral pig meat trade (1,000 tonnes; 2016)



Source: Own elaborations on FAOStat.

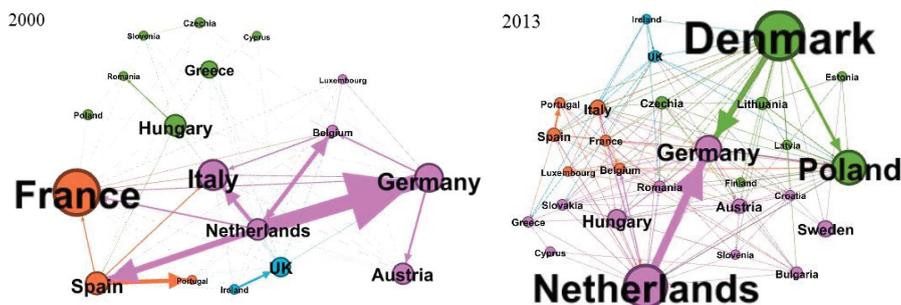
3.4.2. Trade relationships among EU countries

In order to investigate trade relationships among the EU countries, we relied on a social-network analysis as developed in a recent article⁹. We report the main results in Figures 13 and 14.

In particular, trade relationships in 2000 and 2013 among EU countries relative to live pigs are represented in Figure 13. Here, the size of the circles provides a measure of role-centrality in trade relationships, where larger circles mean that the country has or has had several connections with a large number of other countries. The size of the arrows is a proxy for the volume of exchanges, whereas their direction indicates the movement of goods (live pigs). The colours of the circles indicate “communities”: countries belonging to one community tend to have more exchanges within the community than with other countries.

Comparing live-pig trade relationships between 2000 and 2013, there an increased complexity in the networks emerges, pointing to amplified movements around the EU, with more countries being part of the pork value chain. We can see significant changes in most countries, especially in terms of connections, rather than in overall volume; for example, while France loses its importance in 2013, Denmark, the Netherlands, and (to a lesser extent) Poland become extremely relevant. Germany continues to maintain its relevance.

Figure 13 – Trade relationships: live pigs (heads; 2000-2013)



Source: Own elaborations based on FAO statistics.

Looking at the directions of the arrows, we can see that the Netherlands maintain their role as supplier of live pigs to Germany, but they also extended their market to other countries (mainly eastern EU countries). Instead, Denmark is mostly related to Germany and Poland, plus some other smaller

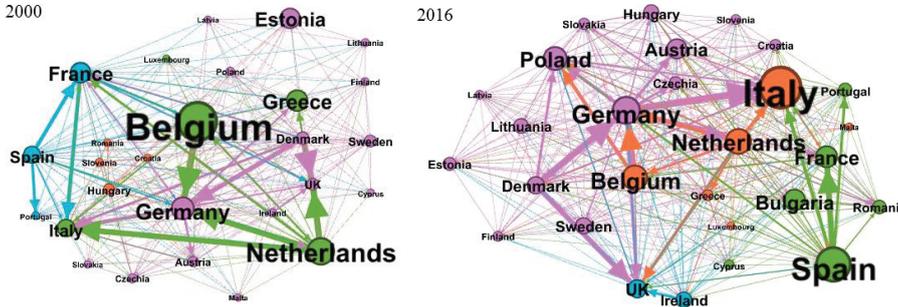
⁹ Barberis, Freddi, Giammetti, Polidori, Teobaldelli, Viganò, 2020.

countries mainly located in the northern EU, such as the Baltic states. Poland gains a central role, receiving live pigs from a large number of countries.

We can conclude that the Netherlands and Denmark have become great producers and exporters (mainly to Germany and Poland) of live animals that are then fattened and slaughtered in other countries, for which the slaughtering phase is consequently particularly important.

The trade relationships for pig meat (fresh/frozen) and pig meat products (such as ham, bacon, and sausages) in 2000 and 2016 are shown in Figure 14. The trade is driven by two elements: the fresh or frozen meat that comes from the slaughtering phase and moves to other countries to be processed by the industry, and the import-export movements of final meat products.

Figure 14 – Trade relationships: pig meat and pig meat products (tonnes; 2000-2016)



Source: Own elaborations based on FAO statistics.

The value chains have become much more complex. Countries like Belgium and Greece, playing a central role in EU exchanges in 2000, were no longer predominant in 2016.

Other countries, with a minor role in 2000, became highly central: that is the case with Italy and Spain, although their centrality in 2016 could be due to different reasons. While both are key producers of products carrying the Protected Designation of Origin (PDO) label, Spanish industrial production is at the same time more specialised in the ham and pig population. So, Spain keeps pig thighs for the production of *Jamon Serrano* but sells the rest of the carcasses to the rest of Europe for the processing phase. As a result, in the picture Spain gets more arrows, which include the distribution of both pig meat products (mainly *Jamon Serrano*) and pork as an intermediate product. The case of Italy is in a sense different, as the country imports a great amount of fresh/frozen pig meat (mainly from Germany and Spain) in order to produce various pig meat products (not only PDO) that are then exported. So, unlike Spain, Italy has a larger circle.

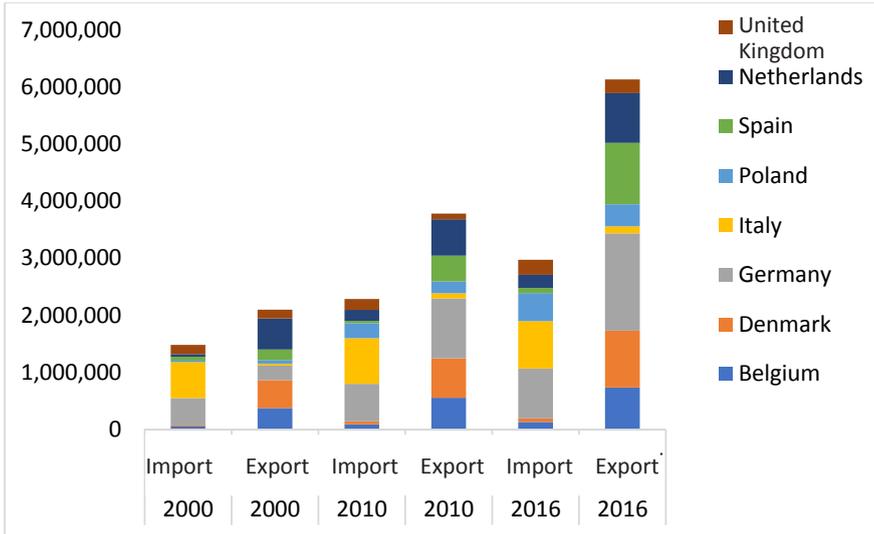
We can identify the existence of four communities: one is very large and includes northern, central, and eastern countries; two are much smaller, with Italy and Spain as leaders; the last one is very small and consists of the UK and Ireland.

If we look at the size of the arrows (trade volume) we can see high volumes of pig meat and pig meat products (mainly the former) from Denmark to Germany and the UK, and from Germany to Italy.

Finally, we look at the trade relationships by differentiating between fresh/frozen meat (Figure 15) and processed products (Figure 16). Denmark, Netherlands, Belgium, and Spain mainly export fresh/frozen meat, having a strong specialisation in the slaughtering phase. Denmark and the Netherlands are also interested by live pigs' exports. Italy mainly imports fresh/frozen meat.

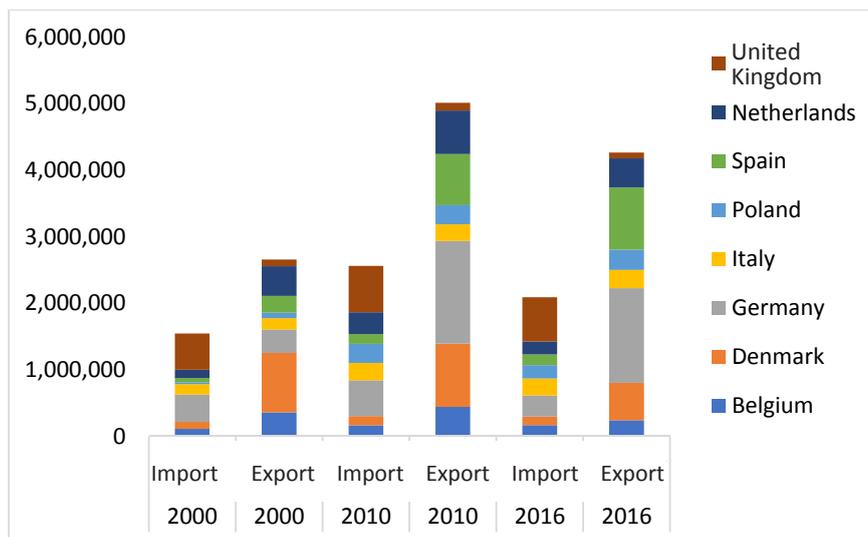
Germany and Poland import and export fresh/frozen meat. In Germany there is a relevant activity in breeding, fattening, slaughtering, and processing, mainly due to the large size of some multinationals that integrate and control the entire value chain. Poland seems to follow this model, even if on a smaller scale and being more focused on the processing phase. Denmark exports all kinds of outputs: not only live pigs and pig meat, but also pig meat products. Also, Germany is a great exporter of final products, followed by Spain. The UK is a great importer of final products.

Figure 15 – Trade relationships: EU pig meat import-export (tonnes; 2000, 2010, 2016)



Source: Own elaborations based on FAO statistics.

Figure 16 – Trade relationships: EU pig-meat-product import-export (tonnes; 2000, 2010, 2016)



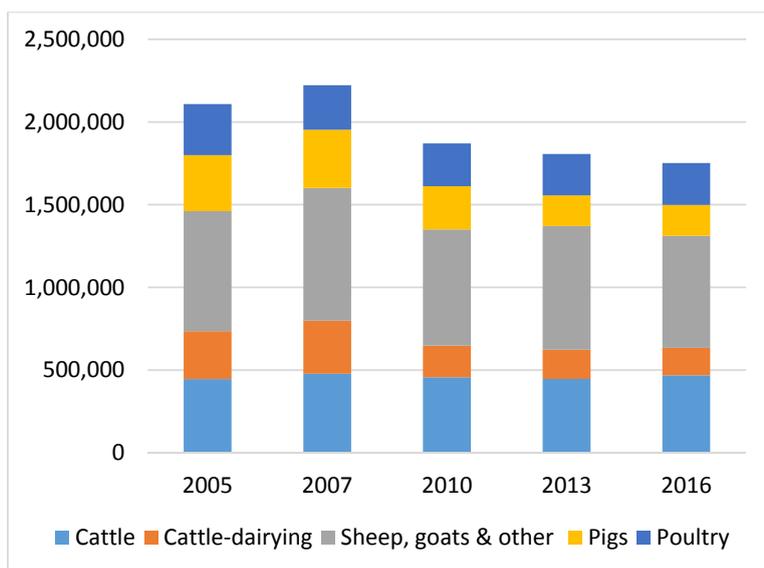
Source: Own elaborations based on FAO statistics.

3.5. The labour force

The following figure shows the number of annual work units (AWU)¹⁰ in rearing and fattening for different kinds of livestock. In line with the reduction in the number of pigs seen between 2000 and 2017 in the EU, the AWU level has been decreasing since 2010. It is worthy of note that although pigs account for 44% of the total livestock population, the AWU devoted to pig rearing and fattening account for only 10% of total AWU. Likely, pig livestock is less labour-intensive compared to the rearing and fattening of other animals.

¹⁰ One Annual Work Unit, abbreviated as AWU, corresponds to the work performed by one person who is occupied on an agricultural holding on a full-time basis: “Full-time” means the minimum hours required under the applicable national provisions governing contracts of employment. If national provisions do not indicate a number of hours, then 1,800 hours are taken to be the minimum annual working hours, equivalent to 225 eight-hour working days.

Figure 17 – Labour force in rearing and fattening for different kinds of livestock: EU28 (AWU in 2005, 2007, 2010, 2013, 2016)



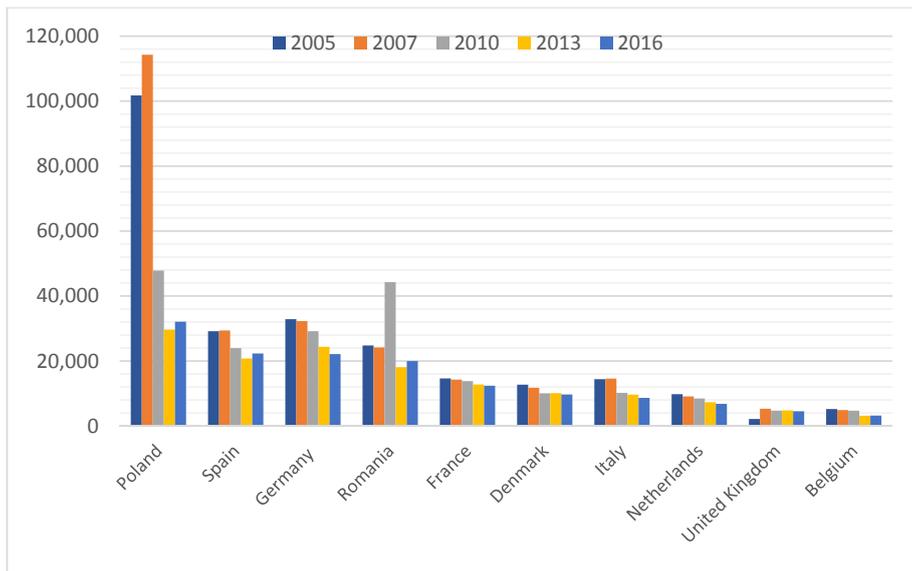
Source: Own elaborations on Eurostat.

The reduction in the number of pigs in the EU cannot be the only explanation for the decrease in the number of AWU devoted to pig rearing and fattening. If we look at Germany and Spain, where pig population has been increasing between 2000 and 2017, we still face a reduction in the number of AWU, except for a small increase in Spain between 2013 and 2016. In other words, in Germany and Spain more pigs have been reared with less labour over time, probably due to the development of efficiency-enhancing techniques in livestock.

The following graph shows the number of people employed in the industrial phase, which is different from the number in the breeding phase¹¹. Not surprisingly, Germany is in the first position among other EU countries in terms of number of employees in preserving and processing meat, with approximately 180,000 employees, followed by Poland and France (100,000

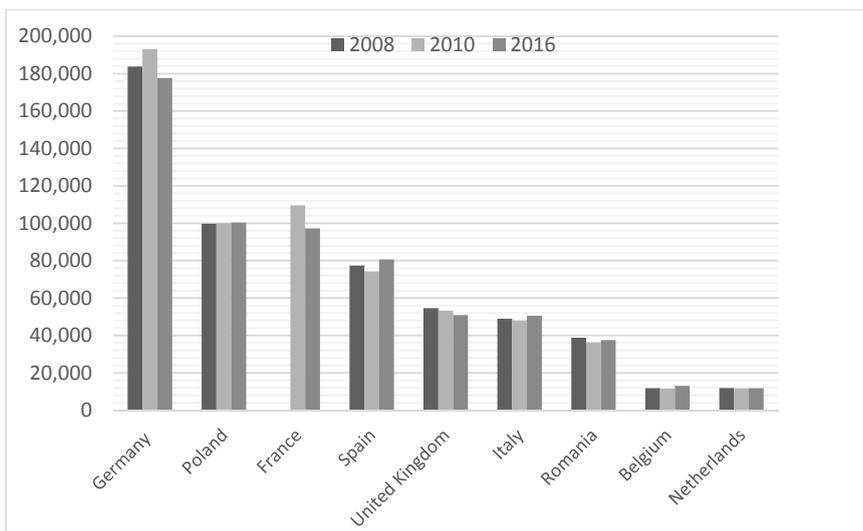
¹¹ The Eurostat data used to calculate the labour force in processing and preserving meat are related to NACE codes C1011 (processing and preserving of meat) and C1013 (production of meat and poultry meat products). It should be noted that both these codes identify activities of meat processing related to different types of meat, not just to pig meat. Moreover, data for Denmark are related to code C1011 only, as no data were available for C1013.

Figure 18 – Labour force in pig rearing and fattening: selected countries (AWU in 2005, 2007, 2010, 2013, 2016)



Source: Own elaborations on Eurostat.

Figure 19 – Labour force in processing and preserving meat: selected countries (persons employed in 2008, 2010, and 2016)



Source: Own elaborations on Eurostat.

each). It is more striking to find that Spain, despite its role in the European pork value chain, is in fourth position, with about 80,000 employees. The reason why Spain has such a lower level of employment in meat processing as compared to Germany is that Spain is specialised in breeding and slaughtering, and much less in processing. As we pointed out earlier, Spain is very active in breeding and in slaughtering, but this country mainly keeps pig thighs for *Jamon Serrano* production while exporting the rest of the carcasses abroad. Therefore, the industrial phase in Spain is not as developed as the other phases in the value chain, thus leading to lower employment levels.

4. National reports: an overview

In this section we present an analysis of the main characteristics of the pork chain, focusing on the structure of the sector in some selected countries (Belgium, Denmark, Germany, Italy, and Poland)¹². The section discusses breeding, slaughtering, and processing, as well as the labour market and the main critical aspects emerging in each country under consideration.

4.1. Structure of the sector

4.1.1. Breeding

Denmark has seen a reduction in pig farms (from around 30,000 in 1990 to just 3,226 in 2017), and an increase in pigs per farm.

Also, farms are quite specialized: only 16% of them produce sows, piglets, and pigs for slaughter, while the remaining 84% are specialized in just one type of production.

The production of piglets per sow has increased significantly – from 19 piglets per sow in 1985 to 30 piglets per sow in 2015. The most effective farmers are able to produce up to 40 piglets per sow: those under the mean value are basically not competitive.

In Italy, too, the number of livestock farms decreased significantly: from more than 100,000 in 2007 to 26,582 in 2014. The average number of pigs per farm increased from 55 in 2000 to 356 in 2010, so there has been a relevant increase in farm size. In the last twenty years, many small farms either went out of business or started to group into larger companies leading to a consolidation process. Despite this, the current average size is still much smaller than in other EU countries (to give an example, in Denmark there are over 2,000 pigs per firm).

¹² See Chapters 2-6 in this book.

Again, the same trend applies to Poland. The number of pig farms shrank from 1.5 million (at the end of the 1990s) to just over 200,000 (in 2015). This trend hit small and medium-sized enterprises harder. Currently, the only group of farms increasing its numbers is the one with 200 animals or more. As a consequence, Poland saw a significant increase in the average size of breeding. In the years 2007-2015, the average herd size increased almost threefold, from 26 to 70 units.

Belgium shows similar trends, too. While there has been a drop in the total number of companies (from 10,135 in 1997 to 4,145 in 2015), the number of pigs per firm doubled (from 694 to 1,443).

So in general there is a common trend toward reduction of operating businesses and consolidation, albeit at different paces and with different characteristics.

4.1.2. Territorial and product specialization

As we will see in greater detail the next section, the pork value chain in our case countries is characterized by territorial and product specializations.

In Denmark, production is concentrated in Jutland, where three-fourths of livestock is located (2016). Denmark's export of live pigs (especially piglets) has grown from 4.9 million (2007) to 14.2 million piglets (2017) in ten years. Piglets are mainly exported to Germany (44%) and Poland (42%). This shift towards the production of piglets stems from several factors, two of which are deemed particularly important: (1) Germany's Hartz reforms in the 2000s basically eliminated a minimum wage in the German pig slaughtering business, out-competing Danish slaughterhouses; and (2) under environmental regulations, a piglet only needs about one-fifth of the space allotted to a fully grown pig.

In Italy, almost 90% of pigs are located in three northern regions: Lombardy (47%), Emilia-Romagna (17%), and Piedmont (13%), even though a high number of (very small) farms are located in central and southern Italy.

In Poland, the largest share of slaughter livestock is located in the *Wielkopolskie* Voivodeship, which accounts for 25.9% (2016) of domestic production.

In Belgium, pigs are located mostly in Flanders (94% of the total).

Finally, in Germany pork production is concentrated in Lower Saxony – which is specialised in piglet production, currently home to 2,243,200 piglets – and North Rhine-Westphalia, whose production is dominated by young pigs (less than 50 kg, 1,930,100 million in total). These two *Länder* account for more than half of German pork livestock.

4.1.3. Slaughtering structure

As for the structure of slaughtering firms, at present Denmark is home to seven private slaughtering houses and one large cooperative slaughterhouse company (in seven different locations). This is another sector characterized by a significant consolidation processes: the number of companies dropped by 85% in the last fifty years or so. Denmark is also characterized by a technologically advanced slaughtering process, which basically means high levels of productivity, and the need for fewer employees in comparison with international competitors. In 2016, the average was as much as 2,800 pigs slaughtered per full-time employee (a 30% increase over the ten-year period ending in 2016). At any rate, the production of fresh and frozen meat dropped by 18% in the ten-year period from 2007 to 2017. Part of this production of fresh and frozen meat is exported, especially to Germany and Russia; middle parts are marketed to Great Britain and Japan, while hams are exported to France, Italy, and Sweden, among other countries. Cuts/parts are mainly used for further processing in the importing countries. Fresh pig meat is mainly exported to other European countries, while frozen meat is mainly exported outside Europe.

Italy had 235 slaughtering firms in 2017 (a 20% increase over the ten-year period ending in 2017), 75% of which were industrial firms and 15% small firms. In comparison to Denmark, the sector is still very fragmented, even though consolidation processes are especially visible in the northern regions. It is a labour-intensive sector, though characterized by low salaries (labour costs account for 5% of total costs). On the production side (11 million heads in 2017), 70% ends in the processing phase (55% PDO products, 45% specialty Italian products) and 30% in fresh or frozen meat. Italy has seen a decline in domestic consumption (of 8% over the ten-year period ending in 2017), with a related decline in production, even though the increase in exports has been very meaningful (66% over the same ten-year period).

Poland had 586 firms in 2017, 40% of which were small firms with less than nine employees; at any rate, the thirty largest slaughterhouses account for one-third of domestic production. The sector presents a high fragmentation even if data do not allow us to clearly separate slaughtering from pig meat processing. The heads produced were 22 million (an 18% increase over the same ten-year period).

The export shares are as follows: 35% frozen meat, 27% fresh and chilled meat, 10.5% carcasses and half-carcasses (fresh or chilled), 9% hams and shoulders (and cuts thereof), and 8.5% salted meat, in brine, smoked or dried.

Belgium had a production of 11 million heads in 2017 (essentially flat over the same decade, with a 2% decrease from 2007), providing raw meat for further processing to other European countries (Germany and Poland in

particular). Belgium exports fresh meat and slaughtering pigs, and it imports pig meat products (mainly sausages, preparations, and by-products).

Germany had 1,425 firms (374 slaughtering houses and 1,051 meat processing companies); the ten largest companies in 2017 slaughtered as many as 77% of pigs in the country. What is more, the top four firms controlled 60% of the market that combines slaughtering and processing. The sector depends on the import of pigs, and the outcome is fresh, chilled, and frozen pork. The sector is characterized by a decline in domestic production. Germany imports around 18 million pigs and exports around 1.35 million tons annually to the EU.

In general, an increase in sectoral consolidation can be observed, characterised by a reduction in the number of companies and an increase in their size, running parallel to which is a process of specialisation (sometimes also at the level of specific regions) in one or more phases of the supply chain. For example, in Denmark, the pork value chain changed from the production of pigs ready to slaughter to piglets for export, requiring the development of specific genetic research programmes¹³. On the other hand, Italy imports pork, processes it, and exports final pork products¹⁴.

Other countries (the Netherlands and Denmark) are specialised in the production of fresh and/or frozen meat¹⁵.

The analysis of the national cases highlights the dominant position of Germany in several metrics, such as the size of the pig sector, the level of consumption, and the volume of imported and exported meat. This is also due to the presence of multinational firms in the different stages of the supply chain. Germany exhibits interesting specificities also in terms of product differentiation, with a strong emphasis on organic production, in response to consumer demands¹⁶.

4.2. The labour market

As for the labour market in the pork value chain, Denmark saw a relevant drop in the number of employees (from 17,000 in 2008 to 13,000 in 2016). At different levels, the drop is clear in all the production phases: 10.4% in piglet breeding, 15.7% in slaughtering pig breeding, 25.4% in processing.

Foreigners account for 38% (2016) of the workforce in piglet breeding, 27% in pig breeding and slaughtering (in both sectors Romanians and Ukrainians make up the largest share), and 29% in processing and slaughterhouses (mostly from Poland, Myanmar, Sri Lanka, and Vietnam).

¹³ See Chapter 3 in this book.

¹⁴ See Chapter 5 in this book.

¹⁵ See Chapter 3 in this book.

¹⁶ See Chapter 4 in this book.

Union density is 100% in slaughtering and processing but is not known in breeding.

In Italy, the workforce in the meat chain – which includes cattle and pigs – is 50,576 (2017), with a slight increase (3.3%) since 2013. About one in eight workers is employed in livestock activities. The workforce has been substantially increasing in its processing activities, while it has been decreasing in livestock. Foreign workers account for 29% of the workforce: about 50% of the foreign workforce is in slaughtering and 25% in processing.

Owing to inadequate data, it is difficult to assess the labour market in the pork chain in Poland. Employees in meat production and processing were 123,572 in 2008 and 118,226 in 2016. Salaries range between the minimum wage and median earnings in Poland.

As part of the industrial consolidation process, the average size of companies in Belgium increased from 22.9 employees in 2000 to 27.5 in 2014. Over the same period, the percentage of companies with more than 100 employees increased from 33.7% to 46.3%. The labour market is characterized by the presence of collective agreements. The minimum wage is about €13, with differences in meat subsectors (in 2018). There is a shortage of labour in the sector, but apparently with no effects on minimum wages.

Germany has as many as 114,000 employees in slaughtering and in meat processing (71.2% of which in the latter). The average firm size is of more than 20 workers per firm (though the high turnover and the subcontracting processes make it difficult to assess actual size). The minimum wage is about €8.75 per hour.

In almost all the national cases analyzed, the effective implementation of the Posting of Workers Directive is a critical aspect for the condition of the workforce all along the pork value chain.

National situations are also characterized by other emerging phenomena. In Denmark, for example, the pork value chain has shifted from the production of pigs ready for slaughter to piglets for export.

5. Challenges and opportunities for the European pork value chain: some concluding remarks

Italy is modifying its strategy, importing pork (especially from Germany, Spain, Denmark, and the Netherlands) – 60% of which consists of thighs for ham production and 34% of carcasses and mixed meat – and processing and exporting final pork products (specialty products, mainly cured and cooked ham, not all PDO) to many countries, e.g., Germany (3%), France (2.5%), and the UK.

Poland shows quite significant fluctuations in the prices of pork livestock, while Germany, as mentioned, is seeing a decline in meat consumption.

There are also some emerging key issues, one of the more interesting being that of animal welfare¹⁷ and antibiotic resistance – methicillin-resistant *Staphylococcus aureus* (MRSA) bacteria¹⁸ – combined with a large number of deaths among piglets and infectious disease.

The evidence laid out above, referring to the European pork value chain in general, and to the five case-study countries in this project (Belgium, Denmark, Germany, Italy, and Poland) paints a varied picture of national competitiveness in national and international markets.

The evidence is that this value chain is undergoing a long-term transformation – and in some respects quite a rapid one. An increase in the average size of firms, coupled with vertical integration processes, is underway more or less everywhere, albeit at very different paces. Poland and Italy have much more fragmented value chains than Germany and Denmark, and this affects their competitiveness. Germany and Denmark have been investing in innovation and engaging in a global competition in a prime position, offsetting the decline in domestic consumption. Increasingly, big players are establishing themselves as national and global actors. Firms like Danish Crown, Tönnies, and Vion Gruppe are among the largest pork producers in the world, competing with other Chinese, US, and Brazilian giants.

Clearly enough, they act as key decision-makers in different fields, including labour regulation: while technical innovation may reduce the required workforce, it is nevertheless clear that social dumping processes and an increased casualization of the labour force can still be part of key business strategies in complex production chains that span different countries. The trend toward “bounded regulations” for “unbounded markets” is clearly becoming an issue in different countries, as can be appreciated by looking at the role played by foreign workers – all the more so if they are classified as “posted workers”.

In the global market, the EU pig supply chain is highly self-sufficient, and it is currently maintaining a competitive position, but this position is threatened by several countries, some of them newcomers, like Brazil, Canada, China, and the US. In order to maintain its competitive position, the EU pig sector can no longer count only on technological advances affording no more than marginal productivity improvements, and thus unable to deliver any appreciable decrease in production costs.

¹⁷ Today, one of the most important European charity institutions that fights the cruelty of the modern intensive farming system is Compassion in World Farming: <https://www.ciwf.org.uk/>; on the real costs of the intensive farming system, see Ciconte, Liberti, 2018.

¹⁸ See EFFAT, 2016.

On the contrary, the EU pig sector will have to set out an adaptation strategy, taking account of overall consumer demands, while recovering diversity and locally adapted production systems lost to economic pressure. In this respect, an important aspect to be highlighted is the growing demand for more sustainable production, and not only for inexpensive pork. Sustainable development is about meeting the needs of the present without compromising the ability of future generations to meet their needs¹⁹, and it is based on three important elements: environmental quality, social responsibility and justice, and economic viability²⁰.

At an environmental level, intensive pig farms present various problems, starting from the enormous quantity of raw materials for feed production (often imported), and the management of sewage, linked to the risk of water pollution (due to the high presence of nitrates, antibiotics, etc.).

In this rapidly changing context, consumers seem to be paying particular attention to issues such as animal welfare and health, the environmental impact of the production process (slaughtering), food safety and health, mouthfeel and the price of pork. These changes are creating opportunities for the development of quality-oriented production and, in particular, of organic products.

Changing consumer demands, new legal requirements dealing with food safety and environmental sustainability, and foreign competitors emerging in the international market are making it necessary for EU pig supply chains to develop innovative, integrated, and sustainable food supply chains that match consumer demands as well as support economic, social, and environmental sustainability²¹.

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¹⁹ WCDE, 1987.

²⁰ Stern, 2005; IGD, 2007; most recently, on the environmental problems of the meat industry, see IPCC, 2019; WRI, 2019; FAO, 2013; some important data from these studies are reported in Altreconomia, 2019; see also Winders, Ransom, 2019.

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Part II

*Structural characteristics and industrial relations
in the pork value chain: five national cases*

2. Structural characteristics and industrial relations in the pork value chain: the case of Belgium

By *Marco Rocca, Ann Vrijssen*

1. Introduction

Notwithstanding its relatively small size, Belgium is among the top ten largest exporters of pork worldwide in terms of economic value¹. The Belgian pork industry is thus strongly oriented towards exports. At the same time, the Belgian culture of social dialogue and social partnership permeates the industry, leading to an effective collective bargaining and comparatively decent levels of wages and working conditions. Therefore, the tension between such a system and the pressures coming from international competition, in their turn typical for a net exporter, represent the background of the present chapter. In the coming pages we explore how the Belgian system of industrial relations operates in the context of the pork industry in order to highlight both its strength and weaknesses, and anticipate possible future challenges.

The chapter is structured as follows. In Section 2 we provide an overview of the current situation of the pork industry in Belgium, both in terms of economic outcomes and employment data. Section 3 highlights the challenges arising from this first analysis. In order to provide the background for the following discussion, Section 4 briefly describes the main aspects of the Belgian industrial relations system. In its turn, Section 5 focuses on industrial relations in the pork industry, describing the main actors and challenges. Then, in Section 6 we analyse in more detail a specific recent experience of collective bargaining in this sector, concerning an example of concession bargaining linked to an internal challenge. Section 7 is devoted to conclusions.

¹ See, for instance, Pork Exports by Country, <http://www.worldstopexports.com/pork-exports-by-country/>.

Completing our desk research, this chapter is based on three in-depth interviews we carried out, between 2018 and 2019, with the most relevant actors at national level when it comes to collective bargaining in the pork industry. Hence, Interview 1 was conducted with the secretary of the largest trade union in the food industry². Interview 2 was conducted with the director of the largest employers' association in the meat industry³, while Interview 3 was conducted with the former chair of 8 years of the Joint Committee of the food industry, who is a civil servant at the Belgian Ministry of Labour and Social Dialogue. We wish to thank the interviewees for their time and precious insights.

2. The pork industry in Belgium

The Belgian production of pork in recent years totalled around two and half times the internal consumption, as shown in Table 1.

Table 1 – Pig meat Supply balance (tonnes of carcass weight)

<i>Pig meat</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Gross production	1,121,276	1,111,371	1,138,394	1,128,935	1,140,326	1,089,476
Live animals export	74,018	64,890	69,128	63,723	62,612	71,877
Live animals import	61,105	63,223	61,399	53,205	46,680	43,018
Net production	1,108,363	1,109,704	1,130,665	1,118,417	1,124,394	1,060,617
Export (+ preparations)	746,261	758,703	785,967	771,585	815,037	762,103
Import (+ preparations)	121,668	127,020	135,231	128,636	128,275	133,244
Human consumption	483,770	478,021	479,929	475,468	437,632	431,758
kg/inhabitant	44.17	43.31	43.24	42.64	39.04	38.32
% self-supply	231.78	232.49	237.20	237.44	260.57	252.33

Data from STATBEL: <https://statbel.fgov.be/fr/themes/agriculture-peche/bilans-dapprovisionnement# figures>.

This surplus of production translates into an important external position when it comes to the international trade in pork products. As shown in Table

² CSC Alimentation et Services/ACV Voeding en Diensten.

³ Fédération Belge de la Viande/Federatie van het Belgische Vlees (FEBEV).

2, in 2015 Belgium did in fact experience a net surplus of around a billion euros in the whole pork sector.

Table 2 – International trade in pork products (millions of euros, 2015)

	<i>Import</i>	<i>Export</i>	<i>Balance</i>
Live pigs	73.2	106.2	33.0
Breeding pigs	8.7	3.6	-5.1
Slaughter and utility pigs	64.5	102.6	38.1
Raw pig meat	138.6	1,186.1	1,047.5
Smoked and dried meat	109.1	74.4	-34.7
Pig products	101.4	128.7	27.3
Total	422.3	1,495.4	1,073.1
Of which intra-EU-28	422.2	1,410.2	988.0

Data from the Department of Agriculture and Fisheries of the Flemish Ministry of Agriculture and Fisheries, and COMEXT (Eurostat's reference database for detailed statistics on international trade in goods): [https://lv.vlaanderen.be/nl/voorlichting-info/feiten-cijfers/landbouwcijfers-nder "varkens"](https://lv.vlaanderen.be/nl/voorlichting-info/feiten-cijfers/landbouwcijfers-nder-varkens).

In terms of economic turnover, the pork value chain represents 17% of the total turnover of the agriculture sector, as well 44% of the turnover of the meat industry⁴.

It should also be noted that the pork sector is very much a regional phenomenon in Belgium. Indeed, while cattle is more evenly distributed between the north and the south of the country, data show that 94% of pigs are handled by companies established in Flanders⁵. What is more, even in the Flemish region, pork production is characterised by a rather marked geographical specialisation, as companies handling pigs appear to be established mainly in the province of West Flanders (whose capital is the city of Bruges)⁶. It is also important to note that the pork sector in Belgium is dominated by local

⁴ Data were obtained from the Farmers' Union (de Boerenbond): <https://www.boerenbond.be/system/files/press/Landbouwinkomen2018.pdf>.

⁵ Data from the General Directorate for Statistics and Economic Information from the Federal Public Service Economy, SMEs, Self-Employed Workers, and Energy (STATBEL): https://www.vlam.be/public/uploads/files/feiten_en_cijfers/vlees/regionale_verdeling_veestapel_in_2017.pdf.

⁶ Data from the Department of Agriculture and Fisheries of the Flemish Ministry of Agriculture and Fisheries: https://lv.vlaanderen.be/sites/default/files/attachments/LARA_Sectoren_H2_varkens.pdf.

industries, ownership being still largely in the hands of local capital. This has been confirmed by our interviews with a representative of the employers' association (FEBEV).

Following a trend similar to other Member States, the sector is undergoing a process of concentration, which implies a reduction in the total number of companies, as well as an increase in the number of pigs handled by each company. Over the course of the last 20 years, the number of companies in the sector has fallen from more than 10,000 to a little more than 4,000. During the same time span, the average number of pigs handled by each company has gone from 694 to 1,443⁷.

This means that, on average, pigs in Belgium are being raised in larger farms. In fact, around 2/3 of the pigs in Flanders are handled by farms with 1,500 or more pigs⁸. The situation is similar if one looks at companies involved in breeding. Companies with 300 or more breeding pigs do in fact account for a little more than a half of the total⁹.

2.1. Internal and external consumption

Once again joining a trend common to other European Member States, Belgium is experiencing a shift, that is, a reduction, in its consumption patterns when it comes to meat products. This shift is more pronounced for beef and veal meat, which saw a fall of 28% between 2005 and 2016. Consumption of pork per capita fell by 16% during the same period.

Although in our interviews we have heard of critiques addressed to the methodology to assess household consumption patterns,¹⁰ the reduction in consumption per capita seems to be confirmed by the data. The reasons for this generalised reduction remain multifaceted, with cost-saving concerns and lifestyle choices often cited as main driving factors.

Against the background of such a scenario, pork is still the most important meat product consumed by Belgians, representing around 44% of meat consumption (up from 40% in 2005)¹¹.

⁷ Data from the Department of Agriculture and Fisheries of the Flemish Ministry of Agriculture and Fisheries: <https://lv.vlaanderen.be/nl/voorlichting-info/feiten-cijfers/landbouwcijfers-under-varkens>.

⁸ Ibid.

⁹ Ibid.

¹⁰ Notably in the interview with the representative of the sectoral employers' association (FEBEV).

¹¹ Data from the Flemish government: <https://www.milieuraapport.be/systemen/voeding/systeemkenmerken/evolutie-van-de-vleesconsumptie-in-belgie>.

Table 3 – Belgian export of fresh and frozen pig meat (tons)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
DE	321,694	299,642	284,171	275,315	278,312	278,682	270,679	259,567	249,568	252,189
PL	29,179	49,563	56,048	78,546	109,313	130,024	154,020	197,439	185,741	177,828
NL	64,598	62,228	65,464	53,130	53,093	55,218	57,772	49,076	45,196	52,194
CZ	4,384	11,225	15,236	16,026	19,196	24,794	24,481	27,086	28,329	30,742
UK	35,487	45,324	54,469	39,339	28,108	29,603	31,158	33,335	32,529	29,827
IT	41,999	46,942	48,823	46,422	38,307	37,321	31,026	27,133	26,341	26,445
FR	25,886	22,063	23,390	22,080	19,327	21,409	18,403	24,309	18,339	15,547
SK	689	798	1,256	2,578	3,107	2,853	6,590	13,503	13,629	13,088
LT	6,495	8,785	9,063	10,282	11,207	16,284	15,007	13,669	8,853	10,351
Other-EU	55,940	57,006	51,795	47,053	48,804	39,983	27,272	28,507	26,059	23,458
Total EU	605,152	624,940	642,571	618,145	629,113	657,800	657,050	689,918	648,969	649,536
South Korea	10,320	13,300	12,622	13,375	8,468	6,346	10,430	9,531	9,608	9,134
China	580	103	230	76	229	1,937	3,347	7,950	11,640	6,044
Philippines	1,806	1,211	3,992	2,639	2,433	2,326	4,526	3,039	4,014	5,250
Other 3 rd countries	44,514	56,871	47,746	44,707	46,774	47,591	21,792	22,402	22,710	18,586
Total	662,372	696,425	707,160	678,942	687,016	715,999	697,146	732,841	696,942	688,550

Data was obtained from EUROSTAT and edited by the Flemish Centre for Marketing of Agricultural and Fisheries Products (VLAM): https://www.vlam.be/public/uploads/files/feiten_en_cijfers/vlees/Export_varkensvlees.pdf.

Looking at the picture in terms of actual livestock, a slight reduction over the last ten years can also be identified. Belgian companies presently handle around 150,000 pigs less than in 2005, the reduction being even more pronounced if one compares the most recent data with the peak of 2011 (-41,3000 pigs)¹².

Recent price evolutions explain these tendencies towards the reduction of the number of livestock and the concentration of activities. Indeed, in 2018 prices only partially recovered from the sustained fall of 2017, when they ended at around €1.25/kg. This partial recovery was followed by a renewed fall, which is visible in most recent statistics, indicating prices per kg around €1.10¹³.

Coming back to exports, Table 3 shows the main destinations for Belgian pork. Two important trends can be highlighted in this regard. On the one hand, although Germany remains the most important destination, exports towards this country have fallen by around 70,000 tons during the last ten years. Other destinations, such as the Netherlands, the United Kingdom, Italy, and France, have been characterised by a similar trend over the same period. This, however, has been more than compensated for the increase of exports towards other, “new”, destinations. First and foremost, export of pork to Poland saw a six-fold increase between 2008 and 2017, with Czechia witnessing a similar pattern. As for non-EU destinations, export towards China has increased to around 6 thousand tons per year, becoming the second most important destination outside Europe.

In 2017, Belgian slaughterhouses processed a little less than 11 million pigs. During the last 10 years, this number has slightly fallen, highlighting a reduction of around 160,000 units from 2008 and an even greater fall (around a million) from the peak of 2013¹⁴.

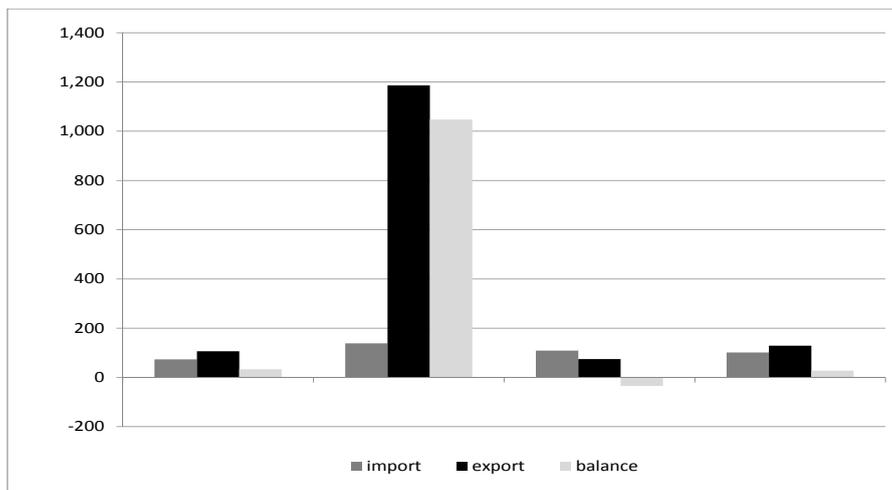
In terms of economic turnout, as we have seen before (see Table 2), Belgium enjoys a positive external position when it comes to the trade in slaughtering pigs. This, however, is dwarfed by the importance of the export of raw meat, whether fresh or frozen, as it is captured by Figure 1. This distribution perfectly showcases the position of Belgium in the international pork supply chain, with its export sector heavily invested in providing raw meat for further processing in other European countries (mostly Germany and Poland).

¹² Data from the General Directorate for Statistics and Economic Information from the Federal Public Service Economy, SMEs, the Self-Employed, and Energy (STATBEL): https://www.vlam.be/public/uploads/files/feiten_en_cijfers/vlees/veestapel_Belgie_2008-2017.pdf.

¹³ Data from the Department of Agriculture and Fisheries of the Flemish Ministry of Agriculture and Fisheries: https://lv.vlaanderen.be/sites/default/files/attachments/20181011_lv_presentatie_huisstijl_varkens.pdf

¹⁴ Data from the General Directorate for Statistics and Economic Information from the Federal Public Service Economy, SMEs, the Self-Employed, and Energy (STATBEL): https://www.vlam.be/public/uploads/files/feiten_en_cijfers/vlees/Slachtingen_2008-2017.pdf.

Figure 1 – External balance in international commerce of pork products (millions of euros, 2015)



Source: Eurostat (Comext), Departement Landbouw en Visserij.

2.2. Workforce

The 2016 report on employment in the food industry, prepared by the Central Economic Committee¹⁵, indicates that 77,570 workers are employed in this sector in Belgium. As such, the food industry is the largest industrial sector in Belgium, accounting for 18.2% of industrial employment (in 2014). The meat industry, in its turn, represents, in terms of employment, 15% of the whole food sector, with 12,995 workers in 2014. This number shows an important reduction (-7.8%) from 2000, although it has essentially stabilised in more recent years, with the change from 2010 amounting to a small increase (+0.7%). Specific data on the situation of the pork industry are not available.

Mirroring the concentration pattern we highlighted before, the average size of a company in the meat sector has increased since the year 2000, rising from 22.9 employees to 27.5 in 2014. This also entails an increase in the weight of bigger companies in terms of employment in the sector. Notably, the percentage of workers employed by companies with more than 100 employees has gone from 33.7% (2000) to 46.3% (2014).

This is in fact slightly lower than the number for the whole food indus-

¹⁵ Conseil Central de l'Economie/Centraale Raad voor het Bedrijfsleven, *L'emploi dans l'industrie alimentaire – Mai 2016*, available at <http://www.ccecrb.fgov.be/txt/fr/doc16-1296.pdf>. Unless otherwise indicated, data in this section come from this report.

try (51.4%), but still highlights how a small percentage of players employs around a half of the workforce of the whole meat sector.

Working conditions in the sector are largely established by sectoral and sub-sectoral collective agreements. We will come back to this in the next two sections. In particular, Joint Committee no. 118 is competent to regulate wages and working conditions of blue-collar workers in the food industry. Inside this committee, an informal sub-committee is active in the meat sector, covering in particular the activities in the areas of canned meat, sausages, cured meats, smoked meat and meat products, triperies, fat melting, slaughterhouses, and meat cutting plants. Collective agreements are routinely concluded specifically covering these activities. In 2018, minimum wages for the sector stood at around 13 euros per hour, going from €12.83/h for poultry processing to €14.63/h for specialised workers in slaughterhouses (all wages are considered at 0 seniority). Our interviewees confirmed the general belief of a coverage of nearly 100% for these agreements. This is in line with what happens in other sectors of the Belgian economy. Unionisation in the sector is also considered to be very high. Lacking actual data, our interviews reported a rate of 80% among employees in the food sector, concentrated in the associations affiliated with the three most representative trade unions of Belgium (ACV/CSC, FGTB/ABVV, CGSLB/ACLVB). At the same time, 95% of companies (in terms of turnout) are affiliated with the sectoral employers' association (FEBEV), which is part of the national employers' association (FEB/VBO).

3. Main critical aspects of the pork value chain in Belgium

Several critical aspects of the pork value chain in Belgium can be identified. To provide context for the following sections, here we will focus on those which have a clearer impact on industrial relations and social dialogue in the sector. Before proceeding, it is, however, important to stress that all our interviewees were concordant on the fact that the functioning of industrial relations in the (pork) meat industry remains strong to this day, so that the impact of the tensions presented here should be understood mostly as potential.

3.1. Labour shortages

Representatives of both trade union and employers' association reported a shortage of labour in the sector. Both sides highlighted that, beyond the lack of attractiveness of the sector, still characterised by harsh working condi-

tions, the very low unemployment rate in the Flemish region (3.5% in Q2 of 2018) has created a situation where, in the words of the employers' representative, "for each job opening we only have on average 1.4 candidates".

The main answer to such a situation of labour shortages has been identified, in our interviews with both trade unions' and employers' representatives, in the recourse to sub-contracting to companies established in other European Member States, which provide their workers through posting of workers. All our interviews identified Member States of the 2004 and 2007 enlargement (mainly Poland, Romania, and Bulgaria) as the most important countries of origin of these workers.

This legal construction is regulated at European level by the so-called Posting of Workers Directive (PWD)¹⁶ and in Belgium by the Law of 5 March 2002. Posting entails the situation in which an undertaking established in a Member State (Home State) provides a service in another Member State (Host State) by sending there its own workers. Under the PWD, the posting undertaking has to guarantee the application to posted workers of a series of minimum conditions (such as wages and working time regulations) established either by law or by universally and generally applicable collective agreements in the Host State. Belgian collective agreements in the meat sector fall into such a category, so that working conditions applicable to posted workers are considered to be largely similar to those applicable to local workers.

In our interview, the employers' association representative highlighted how the need to have recourse to this "posted" workforce entails new challenges for compliance with hygiene as well as health-and-safety regulations, stemming largely from the linguistic barriers brought about by a multi-national workforce. In the same interview, however, the flexibility of posted workers has also been presented as an advantage.

One would expect such a shortage situation to put an upward pressure on wages and working conditions in the sector. This is not (yet) the case. The explanation for this conundrum is probably multi-faceted. The availability of foreign manpower and the pressure of international competition represent the most likely elements of explanation for such a situation. It remains to be seen whether upward pressures continue to be subdued in the future. As we will see in the next sections, a change in this dynamic might be difficult to accommodate for companies operating in the Belgian pork value chain, thus potentially leading to tensions and industrial conflicts.

¹⁶ Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers.

3.2. Position in the value chain

In terms of the international value chain, Belgian pork industry is positioned in the early stages of the production. Belgium is indeed among the top exporters of pork. However, this is strongly based on the export of unrefined products. As shown in Section 2 (Table 2), almost all of the Belgian positive external position in the commerce of pork products comes from the export of raw pig meat. This is particularly concentrated in the export of fresh meat.

In such a situation, an evident challenge comes from the relatively “low” position of the Belgian industry in the value chain, which results in an export sector based on a product (raw pig meat) with low added value. One of our interviewees summarised this by affirming: “everyone wants to ‘add value’ to the meat, the question is ‘how?’” (Interview 3).

Although labour costs are only one of the factors in the cost structure of the sector (particularly for the breeding phase),¹⁷ this sits awkwardly with the position of Belgium in terms of wage-based competitiveness. Indeed, Belgian wages in the meat industry are relatively high (presently sitting at around €14 per hour for slaughterhouses) compared to its closest competitors. Furthermore, Belgian social contributions, financing a well-developed welfare state, are among the highest in Europe, sitting at around 32.7% of labour costs¹⁸.

As such, Belgian companies compete for the “lowest” bracket of the international market, while being among the “highest” bracket when it comes to labour costs in the broader sense. This leads to a pressure to avoid further increases in these costs which might conflict with the contrary dynamic highlighted in the previous paragraph. This situation also explains the attractiveness, for Belgian companies, of having recourse to posted workers. These are in fact covered by the same wage regulations as Belgian workers, but can remain affiliated, and, hence, pay social contributions, with the social security system of their Home State for up to two years¹⁹.

3.3. Limited but steady reduction in internal consumption

The external competitiveness of Belgium is also bound to become even more important as internal meat consumption seems to be on a steady down-

¹⁷ See Chapter 1 in this book.

¹⁸ Eurostat, Social security and other labour costs paid by employer, <https://data.europa.eu/euodp/en/data/dataset/WAit4u6gZI3hjZgfNqimQ>.

¹⁹ See Regulation no. 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, Article 12.

ward path, as we already highlighted in Section 2. As we mentioned there, the current Belgian production of pork is around 250% of internal consumption, a situation which makes export of pork and pork products a virtual necessity for the survival of the whole sector. As in all export-oriented sectors, the risk of changes in international markets, fostered for instance by an increased presence of new players, such as the EU Member States of the 2004 and 2007 accession, is a looming threat to the equilibrium reached by the sector in Belgium.

4. Overview of the Belgian industrial relations system

The Belgian industrial relations system has been shaped in the period immediately preceding and following the end of the Second World War. The fulcrum of its shape can be traced back to the social solidarity agreement of 1944, drafted by a clandestine group of representatives of workers and employers. The central point of this agreement, which would have a direct and tangible impact on the first government of liberated Belgium, is the creation of institutions for social dialogue²⁰.

The Belgian system of industrial relations has thus developed as a so-called “neo-corporatist system”²¹, where organisations representing the interests of workers and employers are given, in collaboration with the State itself, an important role in economic and social organisation, including participation in the development of public policies²². In the Belgian context, this gives rise to a double-faced system, where social actors, on the one hand, participate in the management of social security bodies and in specific consultative instances, while on the other hand they enjoy a large degree of collective autonomy when it comes to collective bargaining²³.

4.1. Actors

Three main trade union confederations are active in Belgium, divided along ideological lines. The General Federation of Belgian Labour²⁴

²⁰ Coenen, 2010, 33-35.

²¹ Léonard, Pichault, 2016, 55-58.

²² Streeck, Schmitter, 1985.

²³ Léonard, Pichault, 2016, 58-59.

²⁴ Fédération générale du travail de Belgique (FGTB)/Algemeen Belgisch Vakverbond (ABVV).

(FGTB), the Confederation of Christian Trade Unions²⁵ (CSC), and the General Confederation of Liberal Unions of Belgium²⁶ (CGSLB). The Christian confederation has the highest number of members in the country (a little less than 1.7 million members), followed by the socialist confederation (around 1.5 million members) and the liberal confederation (around 300,000 members)²⁷.

These confederations are composed of professional “centres” (*Vakcentrales/Centrales professionnelles*), normally organised on a sectoral basis (metalworkers, public sector, construction, transport, etc.). The unionisation rate of the Belgian workforce is among the highest in Europe, having remained stable at around 55% throughout the 2000s²⁸.

Employers are organised in a single confederation, the Federation of Belgian Enterprises²⁹ (FEB/VBO). The rate of association is also very high in this respect, so that the FEB/VBO member companies cover about 75% of the private sector workforce.

The concept of “most representative organisation” plays an important role in determining the access of social actors to specific prerogatives and, most importantly, collective bargaining. This is particularly relevant for the trade unions’ side, as on the employers’ side the presence of a single “general” organisation simplifies the terms of the issue. The criteria defining representativeness were the subject of a major reform in 2009³⁰. Hence, in order to be recognised as “most representative” trade unions must fulfil four criteria: (i) be constituted at national level and operate intersectorally; (ii) be present in the majority of economic and industrial sectors, covering the majority of workers; (iii) have at least 125,000 members during the four years preceding the submission of candidates for the National Labour Council; (iv) being committed to the defence of workers’ interests. *De facto* these criteria have confirmed the three main confederations as “most representative” organisations³¹.

²⁵ Confédération des syndicats chrétiens (CSC)/Algemeen Christelijk Vakverbond (ACV).

²⁶ Centrale générale des syndicats libéraux de Belgique (CGSLB)/Algemene Centrale der Liberale Vakbonden van België (ACLVB).

²⁷ Faniel, Vandaele, 2012.

²⁸ European Commission, 2014, 20.

²⁹ Fédération des entreprises de Belgique (FEB)/Verbond van Belgische Ondernemingen (VBO).

³⁰ See updated version of the Law of 29 May 1952.

³¹ Blanpain, 2012, 121.

4.2. Collective bargaining

The Belgian collective bargaining system is organised by the 1968 Law on Joint Committees and Collective Agreements³², which regulates the conclusion of collective agreements, the actors and institutions competent for this purpose, the binding force of collective agreements, and the hierarchy between the different levels of negotiation (intersectoral, sectoral, and company). These levels are ordained in a strict hierarchy, so that a lower-level agreement must fully respect the higher one. The result is a centralised system, where the intersectoral and sectoral levels play a prominent role.

Articles 28 to 34 of the law of 1968 regulate the possibility of extension of the binding force of collective agreements concluded at intersectoral and sectoral level. These agreements can be “extended” by governmental decree at the request of the National Labour Council or a Joint Committee, or of an organisation represented therein. Once the government declares the extension of the binding force, the collective agreement is published in the official journal³³ (Article 30). From this point in time (or from the point in time when the collective agreement comes into force, whichever is later), the agreement is binding on all employers and employees who fall within its scope (Article 31). Whether or not an employer is a member of the signatory association has no impact on this effect³⁴. Coverage of collective agreements in Belgium is particularly high, sitting at around 96% of the private sector³⁵.

At intersectoral level, collective agreements are negotiated and concluded in the context of the National Labour Council³⁶. The Council is a public institution which does not fall under the competence of a ministry. It is composed of 26 members and chaired by an independent civil servant. Thirteen members are indicated by the most representative trade unions, and 13 by the most representative employers’ associations. In order to proceed with the conclusion of an intersectoral collective agreement, at least 50% of the members of the employers’ and employees’ delegations must be present. Moreover, to be validly concluded, the contract in question must receive the favourable vote of at least 90% of the members of both delegations. Most collective agree-

³² *Loi 5 décembre 1968 sur les conventions collectives de travail et les commissions paritaires/Wet betreffende de collectieve arbeidsovereenkomsten en de paritaire comités va 5 december 1968.*

³³ *Moniteur belge/Belgisch staatsblad.*

³⁴ Paternostre, 1984.

³⁵ Data from the European Trade Union Institute place Belgium as a close second in terms of coverage of collective agreements in Europe. See <https://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Collective-Bargaining2>.

³⁶ *Conseil national du travail/Nationale Arbeidsraad.*

ments concluded in the National Labour Council have their binding force extended by government decree. In fact, this is how the Belgian minimum wage is established, through the extension of Collective Agreement no. 43.

At sectoral level, collective bargaining takes place in joint committees³⁷. These are established by governmental decree and are generally competent for a specific branch of industry or activity. They are composed of representatives of the most representative organisations operating in the given sector, in equal number. There are presently around 100 joint committees and 70 sub-joint committees. The latter are established when the need for a specific regulation arises in the context of a joint committee but are otherwise equal to joint committees. The valid conclusion of a collective agreement by a joint committee (or sub-joint committee) requires unanimity among the representatives.

The general principle is that a company belongs to one and only one joint committee³⁸. It is for the employer to determine to which joint committee his or her undertaking belongs, possibly on the basis of an opinion obtained from the competent offices of the Ministry of Labour. Conflicts concerning the competent commission are decided by the labour courts. The basic criterion for deciding whether or not an undertaking belongs to a joint committee is that of its main activity³⁹. As also admitted by stakeholders in our interviews, these kinds of determinations are sometimes complicated and uncertain, notably for companies active in different sectors or whose activities potentially fall into different sectors. The determination of the competent joint committee is of paramount importance for the wages and working conditions applicable in a given company. Indeed, the sectoral level being the most important level of negotiation in the Belgian system⁴⁰, issues like minimum wages, classifications of functions, bonuses, and so on are often determined at this level. Hence, it should be evident how falling into one sector or another can have an important impact on both the workers and the employer⁴¹.

At company level, the conclusion of a collective bargaining agreement does not take place within the framework of a specific body set up for this purpose. The employer can thus conclude a collective agreement with the representative of one of the most representative trade unions competent for the sector to which the company belongs.

³⁷ Commission paritaires/Paritaire comités.

³⁸ Vannes, 2010, 2.

³⁹ As confirmed by a constant case law. See Belgian Supreme Court (Cour de Cassation/Hof van Cassatie), 24 December 1990, available at www.juridat.be.

⁴⁰ Druant, Du Caju, Delhez, 2008.

⁴¹ Kéfer, Clesse, 2014, 62.

4.3. Collective action

Contrary to collective bargaining, the right to strike developed in Belgium mostly in the silence of the law⁴². Its full recognition derives from a historic judgment of the Supreme Court in 1981, known by the name of De Bruyne⁴³. The (indirect) legislative consecration would come only in 1990, with the law of ratification of the European Social Charter. Despite this meagre regulation, the right to strike in Belgium is extensively protected.

From a general point of view, there are no obligations to give notice, no trade union monopoly in the declaration of the strike, and no sanctions for a “wildcat” strike. Judges cannot review the legitimacy of a strike on the basis of its demands, and recourse to strike action is not limited to the context of negotiating a collective agreement. Picketing is considered part of the normal exercise of the right to strike, except when carried out with violent means. Statistics elaborated by the European Trade Union Institute show that Belgium ranked fifth in Europe in terms of the number of days of strike during the first ten years of the 2000s⁴⁴.

Collective agreements can include peace obligations, limiting the possibility to have recourse to strikes or lockouts to change the contents of an agreement during its validity⁴⁵. However, the possibility of a sanction for non-compliance with these clauses, encounters a major obstacle in Article 4 of the 1968 law. This article provides that organisations which have signed a collective agreement may not be held civilly liable for failure to perform their obligations under the collective agreement.

5. Industrial relations in the Belgian pork value chain

Our interviews covered the three sides of industrial relations, including trade unions, employers’ associations, and the public actor. The picture resulting from these contacts is a rather positive one when it comes to the functioning of social dialogue in the field of the pork sector, a vision largely shared by the three actors. As it was put by the civil servant formerly (2011-2019) in charge of chairing the Joint Committee for the Food Industry: “the food industry has a real and functioning social dialogue”⁴⁶.

⁴² Kerenc, 2015.

⁴³ Belgian Supreme Court (*Cour de Cassation/Hof van Cassatie*), 21 December 1981, *Journal des tribunaux du travail*, 1982, 329.

⁴⁴ ETUI, 2016.

⁴⁵ Clesse, 2008, 10-11.

⁴⁶ It should be added that at the time of the interview, the civil servant had stopped chair-

5.1. Actors

As mentioned above, self-reported levels indicate a unionisation rate of 80% on the workers' side, with all three major confederations (ACV/CSC, FGTB/ABVV-HORVAL, CGSLB/ACLVB) being represented in the pork industry. On the employers' side, 95% of companies are affiliated with the main employers' association for the meat industry (FEBEV), which is part of the employers' association for the food industry (FEVIA), which in its turn is a member of the national employers' association (FEB/VBO).

The sector also shows an important degree of continuity if compared with the general situation of industrial relations in Belgium. Our interviews showed a high degree of adherence to the Belgian style of social dialogue we just highlighted. This is probably also a consequence of the fact that, on the employers' side, the main actors of the sector are still Belgian companies, the presence of foreign companies remaining to this day quite limited, as confirmed by interviews with both the trade union and employers association representatives, the notable exception being the Imperial Group (part of the Campoforio Food Group).

Beyond the shared Belgian culture of social dialogue, our interviews also highlighted how both employers' associations and trade unions shared an interest in upholding labour and social standards in the sector, through their constant updating and effective enforcement. To explain the interest of the employers' side one has to consider that this effectively makes it possible to weed out companies operating with lower standards and, as such, reduces internal competition. In fact, sectoral conditions are (relatively) good if compared to the generally binding minimum. Notably, if one considers just the issue of minimum wages, the starting hourly minimum wage for specialised workers in slaughterhouses is €14.63, while the general minimum wage in Belgium sits at around €10 per hour.

The effectiveness of social dialogue and the importance of shared (if partial) interests probably explains why in all our interviews we never encountered any specific mention of important industrial conflicts. On the contrary, interviewees often described the approach to industrial relations in the sector as "pragmatic" (Interview 3). Also, in our research we could not find any relevant moment of widespread industrial conflict in the sector over the last two decades, and this notwithstanding the important fall in employment (-7.8%) since the beginning of the 2000s.

ing the Joint Committee for the Food Industry, so that he had certainly fewer constraints in presenting a critical picture, if needed.

5.2. *Collective bargaining*

Two joint committees are competent for collective bargaining in the food industry, one for blue collar workers (no. 118) and one for white-collar ones (no. 220). Due to the difference in activities, our research focused on the former. Importantly, keeping in mind what we explained *supra*, although collective bargaining for the meat industry exists, it is *not* organised in formalised a sub-joint committee. Instead, representatives for this sector, both for the employers' associations and for trade unions (the latter with a mix of national and regional representatives), engage in collective bargaining in an informal setting (Interview 3). The civil servant chairing the Joint Committee for the Food Industry is generally invited as an observer to these meetings. When social actors are able to reach an agreement in this informal framework, this is "uploaded" to the Joint Committee for the Food Industry and approved there, while its scope of application is limited to the meat industry in the legal text of the agreement.

5.3. *Neo-corporatism in action*

The neo-corporatist nature of Belgian industrial relations⁴⁷ is also visible in the meat sector. In our research we encountered several relevant instances where the close relationship between social actors and public ones has had an important impact on the dynamics of the sector. This specificity is particularly representative of Belgian industrial relations.

Here we will outline three of these instances. The first one, now no more of application, highlights a situation where social actors ended up playing a quasi-regulatory role. The second, stemming from an evolution of the first, shows an important degree of collaboration between social actors and public authorities. The third one deals with an instance of dialogue between government and social actors which lead to the adoption of a specific policy.

The first example concerns an instrument which has been since discontinued, so that we will only present it briefly. With a collective agreement signed on 15 February 1996, the Joint Committee for the Food Industry created a Registration Committee⁴⁸ tasked with checking *ex ante* whether subcontracting companies operating in the meat sector had no outstanding debts with social security and/or tax administrations. The Registration Committee was composed of representative of trade unions, employers' associations,

⁴⁷ Léonard, Pichault, 2016; Pulignano, 2012.

⁴⁸ Commission d'Enregistrement/Registriatiecommissie.

and public authorities. Employers having recourse to a sub-contracting company which had *not* been registered with (and, hence, vetted by) the Registration Committee had to make sure that this latter company was applying *all* working conditions established by collective agreements applicable to the meat industry. Thus, although the process of registration in front of the committee was not a straight obligation, a body created and administered by social actors was tasked with a quasi-regulatory role in the meat sector.

As the Registration Committee had been established through a collective agreement signed in the context of the Joint Committee for the Food Industry, which was, in its turn, binding on all the companies operating in the sector, it ended up regulating access to the Belgian market of sub-contracting companies based in other Member States and having recourse to posting of workers. Because of this, the decision of the Court of Justice of the European Union in the case of *Berlaymont 2000*⁴⁹, although related to the construction sector, called into question the compatibility with EU law of the way in which the Registration Committee was composed and operated. This led to the end of this experience. Although some trade union materials mentioned that this could be explained by the evolution of the legal and policy framework for the sector⁵⁰, our interview with a trade union representative at national level confirmed that doubts concerning compatibility with EU law were a determining factor in this decision (Interview 1).

In order to fill the void left by the end of the Registration Committee, on 17 April 2012 the social actors of the meat industry and a series of public authorities, including labour inspectorates and the Federal Agency for the Safety of the Food Chain⁵¹, concluded a cooperation protocol. This is the only protocol of this kind concluded in Belgium outside the construction sector and represents our second example of close collaboration between social actors and public authorities. The aim of this protocol was to intensify

⁴⁹ CJUE, Case C-74/09 of 15 July 2010, *Bâtiments et Ponts Construction SA, WISAG Produktionsservice GmbH, formerly ThyssenKrupp Industrieservice GmbH, v Berlaymont 2000 SA*. See notably para. 61: “Such authorities, in view of their composition, cannot be regarded as impartial and neutral. Indeed, that majority participation of representatives of private interests could lead those representatives to obstruct the access of other operators to the market concerned and, in any event, because such operators are obliged to submit to the determination of their potential competitors as regards their personal and professional qualities, such an authority involves a situation of unequal conditions of competition and lack of objectivity and impartiality, inconsistent with a system of undistorted competition, such as that laid down by the law of the Union”.

⁵⁰ See CSC Alimentation et Services, *Flash Info*, January 2014 (p. 4), https://issuu.com/csc-alim_acv-voeding/docs/cp_118_-_119_-_flash_info_secteur_d.

⁵¹ *Agence fédérale pour la sécurité de la chaîne alimentaire/Federaal Agentschap voor de veiligheid van de voedselketen*.

the fight against violation of labour and social regulations, as well as of other regulations, such as those concerning food safety, this in order to improve the reputation of the sector, working conditions, and food safety.

Different instruments were put in place by this protocol in order to pursue those aims. Importantly, a permanent forum for consultation, discussion, and exchange of information was put in place, under the name of a Partnership Commission⁵², composed of 5 trade union representatives, 5 representatives of the employers' associations, and 6 representatives of the various public authorities involved in the protocol.

The parties to the protocol agreed to increase the exchange of information between social actors and public authorities, as well as to engage in dissemination activities to inform both workers and employers in the meat industry about the applicable regulations and collective agreements. The exchange of information includes the possibility to access new agreements related to subcontracting of activities in the meat industry, as well as access to aggregated data related to control activities of labour inspections. Social partners also took it upon themselves to communicate to the labour inspectorates all information which could lead to suspicions of breach of regulations, whether related to labour conditions or food safety. Public authorities remain of course free to use this information as they see fit.

The specific attention paid to the meat industry, which is both a cause and an effect of the cooperation protocol, led to an effective inspection activity. Thanks to one of our interviewees, we were given access to data concerning the number of inspections carried out and the number of workers involved in these for the year 2015. What was particularly striking was the latter data, with a total of around 5,300 workers covered by inspection activity during that year. Considering that, as we mentioned in Section 2, around 13,000 workers are active in the whole Belgian meat industry, this means that between a half and a third of the workforce in the sector was included in an inspection during one specific year. According to an indirect source of data (notably, the minutes of a meeting of the Partnership Commission, to which we were also given access), numbers appear similar, if slightly lower, for the year 2014. This seems to confirm that the close relationship between social actors and public authorities led to a more effective enforcement activity in the sector. This finding also validates what we were told in our interviews, and notably that the sector, thanks to this inspection activity, does not present widespread violations of labour and social regulations, aside from fully fly-by-night companies.

The third and final example concerns the extension to the meat industry of the scheme of joint liability for unpaid wages.

⁵² *Commission de partenariat/Partnerschapcommissie.*

To ensure that employees receive their wages, the law of 12 April 1965⁵³ establishes a scheme of joint liability that allows the employee to obtain, under certain conditions, the payment of his or her wages from a third party who is considered jointly liable together with the employer⁵⁴. This third party is the company having recourse to sub-contracting, including all the links in an eventual chain of sub-contracting. The wage in question is the minimum wage established by collective agreements applicable in the sector. The law of 12 April 1965 contains three liability schemes: a general regulation of joint liability with regard to wages and two special arrangements relating to the construction sector specifically and illegally staying third-country nationals, neither of which are relevant for the present chapter. The general regulation is only applicable to sectors identified by royal decree (presently around nine sectors, including, for instance, construction, cleaning, and surveillance activities).

A governmental decree extending this scheme to the meat industry was adopted on 17 August 2013. The trade union representative we spoke with directly linked the adoption of this measure to the request put forward by social partners in the sector, which was then taken up by the government (Interview 1). Although in our interview with the representative of the employers' association we have heard several complaints about the cumbersome nature of this regulation (Interview 2), the former chair of the Joint Committee for the Food Industry confirmed that both trade unions and employers' associations lobbied in favour of the measure in the context of the dialogue with the government, a situation which ultimately led to the adoption of the governmental decree (Interview 3). The principle of joint liability was also accepted by the employers' representatives in the context of the cooperation protocol mentioned before.

The trade union representative we interviewed highlighted the extension of the joint liability scheme to the meat industry as an important victory, providing workers and trade unions with a tool to ensure workers' protection in the context of ever-expanding use of sub-contracting (Interview 1). However, data about the actual use of this tool are still lacking. In our research we could not find court proceedings involving the joint liability scheme in the meat industry⁵⁵, and minutes from a recent meeting of the above-mentioned Partnership Commission conclude that it is too early to assess the effectiveness of this instrument.

⁵³ *Loi concernant la protection de la rémunération des travailleurs/Wet betreffende de bescherming van het loon der werknemers.*

⁵⁴ Croimans, Van Overmeiren, 2014.

⁵⁵ Rocca, Vrijssen, 2020.

6. Collective bargaining under pressure: a case study

During our interviews, it emerged quite clearly that some companies, mostly small ones acting as subcontractors, were trying to avoid falling under the competence of the Joint Committee for the Food Industry (no. 118), which includes the meat sector, by presenting their activities as mainly pertaining to a different industry. This experience is an important example to analyse how the Belgian system of industrial relations tried to address the issue of internal competition from companies operating outside the established norms.

These companies would generally be active in the meat industry but would also engage in different activities. They would then legally present, that is, in their statutes, their main activity as falling under one of the “neighbouring” sectors. Under the Belgian system (see *supra*, Section 4) if the employer considers, legitimately or fraudulently, that the main activity can be identified, for instance, as “logistics” or “food commerce”⁵⁶, then the company will fall under the competence of these joint committees (nos. 140 and 119, respectively) and it will be possible to challenge this decision only in front of the labour jurisdictions. Historically, these sectors have seen a lower rate of unionisation and, hence, lower minimum wages. As such, a similar function group might end up with an hourly minimum wage of €1 to €2 lower than the equivalent in the meat industry.

This pressure has led to a very important evolution in the field of collective bargaining in the sector. In 2017 trade unions and employers’ associations in the meat industry concluded a collective agreement, which was later signed in the Joint Committee for the Food Industry (on 12 December 2017). Due to the structure of collective bargaining in the sector which we outlined before, the negotiation of the agreement happened between two levels. The first one is represented by the formal Joint Committee for the Food Industry (no. 118), which is legally entitled to conclude sectoral collective agreements. The second level concerns the informal instance of collective bargaining active in the meat industry, which does not represent a sub-joint committee under the law.

The most striking feature of this collective agreement is that it effectively lowered, by around €1 per hour, entry-level minimum wages in the three lowest groups of functions, which include types of occupations which could have more easily been shifted towards other joint committees, such as packaging operator, cleaner, and order picker. This is only applicable to new hires.

The collective agreement itself ties the said reduction of the minimum

⁵⁶ Those sectors were mentioned as the most common examples of “joint committee shopping” in Interviews 1 and 3.

wage to the need to avoid the “escape” from the Joint Committee for the Food Industry. In particular, Article 9, dealing with the peace obligation, states that “this collective bargaining agreement has been concluded to, among other things, *provide a response to the outsourcing of certain activities*. This is why, at the express request of the employers’ organisations, it provides for a reduction in sectoral minimum wages for the first three job classes. If a company *externalises activities towards other joint committees* [...] trade unions will consider themselves not bound anymore by these minimum wages and the peace obligation will not be applicable to this company” (our emphasis).

The trade union representative we interviewed pointed out that minimum wages in the meat sector are relatively high compared to other sectors and similar activities, due to the historical strength of trade unions in the sector. As such, the reduction would bring these wages closer to the level of other sectors in the food industry.

At the end of the day, the experience of the 2017 collective agreement shows how social partners in the meat industry tried to react to pressures coming from companies trying to “game” the Belgian system of industrial relations.

On the one hand, this confirms the impression, stemming from our interviews, of a shared “loyalty” towards social dialogue and collective bargaining between employers and trade unions, which extends to compliance with agreed standards in terms of minimum wages and working conditions. It goes without saying that, on the employers’ side, this loyalty is underpinned not only by the shared culture of social dialogue, but also by the direct interest in rooting out competitors who are not playing by the rules. These are in general smaller companies operating through subcontracting, whereas more established and visible employers would have a much harder time if they tried the same approach, due to the high unionisation rate in the sector, coupled with the institutional power resources provided by the Belgian system of industrial relations.

On the other hand, one cannot fail to appreciate how the agreement represented a concession from the trade union side to the demands of employers. As has emerged from our interviews, the latter have long pursued a “simplification” of collective agreements in the various sub-sectors of the food industry, historically fragmented along activity lines. Thus, if it is true that the 2017 agreement goes in the direction of harmonising working conditions between subsectors, it does so by lowering minimum wages in “better off” subsectors and not by elevating the less well-paid ones.

This reduction in minimum wages is particularly surprising at a time

where employers complain about tight labour markets and labour shortages. What is more, as has been recalled, trade union presence in the sector is still strong (with a self-assessed unionisation rate of about 80%). When asked about this puzzling situation, the former chair of the Joint Committee for the Food Industry offered a tentative explanation based on the fact that trade unions probably considered this to be an acceptable sacrifice in order to get the employers' side on board for the fight against "joint committee shopping" and to confirm the importance of social dialogue in the sector.

In a broader perspective, this experience reveals the importance of carefully "patrolling" the borders of industrial sectors for systems of industrial relations centred around sectoral collective bargaining. The issue of sector shopping is not an exclusively Belgian phenomenon, and it is telling that even an institutionalised system featuring a *prima facie* shared commitment to social dialogue between trade unions and employers (and high density rates for both) ended up being put under pressure by these tactics.

7. Concluding remarks

As we mentioned before, our interviews and our research tend to paint a rather positive picture of the situation of social dialogue and industrial relations in the pork industry in Belgium. Collective agreements are routinely negotiated by the informal group covering the meat industry, and subsequently adopted by the Joint Committee for the Food Industry, and no specific breakdown in negotiations seems to have emerged in recent years.

This represents an evident strength of the Belgian (pork) meat industry, characterised by social actors able to come to the table and negotiate with a pragmatic attitude, built upon a foundation of shared ideology (when it comes to the Belgian model of social dialogue) and partly common interests – when it comes to fighting "cowboys", i.e., companies trying to undercut social and food safety standards (Interview 1).

The tight relationship with public authorities underpins this effective dialogue and represents an important feature of the Belgian system of industrial relations, which fully permeates the (pork) meat industry. The creation of a forum for discussion and exchange of information, in the form of the Partnership Commission, was greeted in all our interviews as a positive development which has improved the work of labour inspection and made it easier for workers and trade unions to bring potentially unlawful situations to the attention of public authorities.

On the employment side, we have seen in Section 2 how the meat sector has indeed lost an important amount of jobs since the beginning of the 2000s, but has since managed to stabilize, with a slightly positive variation over (almost the entire) last decade (+0.7% since 2010).

Of course, such an equilibrium is not without its challenges for the future.

The first challenge comes from the puzzling situation we tried to highlight all along this chapter, which features at the same time labour shortages *and* a reduction of wages (though only for new hires and for specific positions), signed off by trade unions in the 2017 collective agreements. Indeed, a continuation of these shortages might entail, at a certain point in the future, a stronger upward pressure on wages. At that point, the pragmatic style of social dialogue we just pointed out might indeed be put to the test. This, in particular, because Belgian companies face an important international competitive pressure, since, as we highlighted in Section 2, a very relevant share of Belgian exports is composed of raw (fresh) pork, which is a low value-added product.

Such a scenario could in fact also provide a challenge for trade unions in the sector. The absence of important widespread industrial conflict during recent times surely confirms their preference for a pragmatic approach. However, faced with demands for further improvements in wages and working conditions, due to persisting labour shortages, trade unions might be put to the test in their ability to represent these more advanced positions, eventually through conflict. On this point it should, however, be recalled how Belgian trade unions have been historically able to retain the language and culture of a grassroots movements, all the while being integrated in a highly institutionalised system of collective bargaining⁵⁷.

At the same time, one cannot discard the scenario of a negative shock, which would of course make the issue of labour shortages an obsolete one and present a new set of challenges. One element of weakness comes again from the external position of the Belgian pork industry, which is always in need of a market for its exports, as it currently produces two and a half times the level of internal consumption. Changes in traditional markets, such as a reduction of exports to Germany, have so far been absorbed by new markets, such as the Member States of the 2004 and (to a lesser extent) 2007 accession, the main new market being the Polish one. However, these countries are increasingly becoming players in their own right in the international pork market, so that Belgian companies, like other European exporters of pork, might face a challenge in finding new markets.

Secondly, like many other professions, the meat industry might be faced

⁵⁷ Pulignano, 2012.

with the introduction of widespread automation of its activities. Both trade unions' and employers' representatives have discarded these concerns in our interviews, sometimes mentioning examples of “failed” experiments where automation ended up being more expensive than human labour. However, our interview with the former chair of the Joint Committee for the Food Industry did end up on a less confident note, the interviewee mentioning examples from conferences organised by employers' associations in the food industry showcasing “good practices” of labour-saving automation technology. We have no way to assess the actual risk of a steep reduction in employment caused by automation. As a conclusion we merely wish to stress how such a scenario might prove a particularly difficult challenge for the “pragmatic” social dialogue which has so far characterised the sector, reducing the amount of shared interests between employers' and trade unions and putting to the test the strength of the relationship with the public actor.

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3. Structural characteristics and industrial relations in the pork value chain: the case of Denmark

By Steen E. Navrbjerg

1. Introduction

Pork production and processing is a very important part of the Danish economy. The share of the pork business in terms of export of meat, piglets, and pigs is about 30 billion Danish kroner, or 4 billion euros, equalling about 5% of Danish export. As such, Danish pork production is a very important part of the Danish economy.

This despite the fact that only about 0.5% of the labour force – 13,000 people – are employed directly in the pork value chain. If we include transport, logistics, and retail, it amounts to 33-34,000 – according to the interest organization Danish Agriculture & Food Council¹.

The structural development in Denmark is moving towards fewer and larger companies. This development includes both pig farms and slaughterhouses, and today there are around 3,200 farms (down from 30,000 in 1990) and eight major slaughterhouses (down from 54 in 1970)².

The Danish Cooperative Movement (*Andelsbevægelsen*) is a vital part of the Danish pork value chain. *Andelsbevægelsen* is a form of economic organization under the leadership of consumer- or producer-controlled corporations, where each individual member owns a part of the corporation. This type of organization was especially used in the farming industry and in consumer organizations in Denmark from the 1790s to the 1960s, but many features are still part of the culture along the pork value chain in Denmark. The overall idea is that the members of the cooperatives seek to share the economic stress of producing or buying goods, and yearly divide the eventual financial surplus amongst them. Within farming, the whole process

¹ Landbrug, Fødevarer, 2019.

² Ibid.

– from breeding over slaughtering to refinement and sale – is controlled by stakeholders, i.e., members of the movement – not to be understood as shareholders. Importantly, there has been a long tradition of not regarding each other as competitors per se. This means that there has been a long tradition of knowledge-sharing, and even today farmers are sharing innovations with each other. This is an important part of the explanation as to why Danish pork farmers are so efficient.

In most of the European countries, the pressure for efficiency and low prices has been constant over several decades. As shown in other chapters in this book, this has entailed a “race to the bottom” regarding working conditions and wages in many cases. This is not the case in Denmark. While jobs have been lost in slaughtering, wages are still relatively high, collective bargaining coverage is very high and union density is around 90% in slaughtering and processing, and 25-30% in breeding. As such, industrial relations (IR) are highly institutionalised.

In this chapter, we look into industrial relations along the pork value chain in Denmark. The chapter is framed by a description of the unique Danish model of industrial relations – historically and presently. Then industrial relations and health-and-safety regulation along the Danish pork value chain are analysed, first in breeding and then in slaughtering and processing. In both breeding and slaughtering, a lack of labour has entailed employment of still more non-Danish workers – interestingly, foreign labour unionize to the same degree as Danish workers, indicating a very strong, effective, and institutionalised industrial relations system. Finally, we discuss the strengths and weaknesses in the Danish pork value chain.

The data are collected via a mix of desk research and interviews with farmers, workers, and shop stewards along the pork value chain as well as stakeholders from interest organisations like unions and employers’ organisations.

2. Industrial relations in Denmark

The Danish labour market is to a high degree regulated through collective agreements signed by the social partners. Legislation plays a discrete role in the area of wages and working conditions, though still delivering an important political frame. Union density is high, and the industrial relations system is characterized by a high degree of voluntarism and cooperation; trade unions and employers negotiate solutions to various challenges through collective agreements.

2.1. Collective bargaining

The regulation of salaries and working conditions takes place through recurring national bargaining rounds, typically every two or three years. The key area is the substantial part of the private labour market that is comprised of the organizations under the two largest central organizations, the Danish Trade Unions Confederation (FH: *Fagbevægelsens Hovedorganisation*) and the Danish Employers' Confederation (DA: *Dansk Arbejdsgiverforening*).

Organisations under these two large organisations make sectoral agreements and prescribe national standards. They furthermore prescribe procedural and economic guidelines for local negotiations on pay and working conditions. Indeed, wage-setting and the regulation of working conditions are primarily left to social partners, although legislation also dominates in areas such as vacation time and health and safety. As such, relations between the parties are based on the premise of mutual respect for their divergent interests and consensus on how to resolve conflicts³. The parties only have the right to engage in conflict at the time when negotiations on renewal of agreements takes place (the right to conflict). During the settlement period there is no resort to industrial action (the peace obligation). This applies even if company-based bargaining typically takes place after the peace obligation has come into force⁴.

A precondition for the strength of an IR-model like the Danish one is an extensive coverage of agreements, high union density, and dense network of workplace representation (the right to organise into unions). Overall, 83% of the Danish labour market was covered by collective agreements in 2015 – compared to 80% in 2007 and 84% in 1997⁵. However, coverage varies between sectors, and while collective agreement coverage is 100% in the public sector, it is 74% in the private sector. Some sectors, like cleaning, have a much lower collective agreement coverage.

The trade union density has slightly declined since the mid-1990s, but has remained comparatively high, with 67% of Danish employees being union members in 2015. However, an important trend behind these figures is the fact that “traditional unions” have lost ground to “yellow” or “alternative unions”. Traditional trade unions are based on a social democratic philosophy and, most importantly, they are able to achieve collective agreements. In contrast, “yellow unions” or alternative unions are typically not part of the collective bargaining system. The union fee is lower than for the traditional “red” unions, as they do not have the expenses connected to collective

³ Due, Madsen, 2008, 517.

⁴ *Ibid.*, 518.

⁵ Larsen, Navrbjerg, Johansen, 2010; Navrbjerg, Ibsen, 2017.

bargaining⁶. The main yellow union, *Kristelig Fagforening* (Krifa), is based on a Christian ideology and does not acknowledge conflicts of interest between employees and employers. Hence, the increasing support of alternative unions might constitute a problem for the Danish model – provided the alternative unions continue to refrain from engaging in collective bargaining.

Table 1 – Trade union density Denmark – in percentage points

	1995	2005	2015
Traditional unions	71.0	68.1	60.2
Alternative unions (yellow unions)	2.1	3.6	9.0
Total	73.1	71.7	67.2

Source: Ibsen, Due, Madsen, 2015; Toubøl, Ibsen, Jensen, Larsen, 2015.

Union density varies considerably between sectors, with lower union density in the private sector compared to the public sector⁷. Workplace representation in terms of shop steward coverage was 52% in 2010⁸.

Fifty-three percent of employers are members of an employer organisation. However, it should be kept in mind that the vast majority of Danish companies are relatively small; the average Danish enterprise has four employees, and for many of the small companies it might be less meaningful to be a member of an employer organisation, as they do not engage in collective bargaining.

Table 2 – Organised employers in Denmark – in percentage points

	2004	2009	2015
Public sector	100	100	100
Private sector	53	58	53

Source: DA Arbejdsmarkedsrapport 2004, 2009 plus table from DA 2017.

Including DA, FA og (i 2004 og 2009) SALA.

These numbers do include employers organisations like Kristelig Arbejdsgiverforening, Dansk Håndværk, and Arbejdsgiverne.

⁶ The exception is the Christian union Krifa. Krifa has closed a handful of collective agreements covering a very small part of the labour market – as well as some company agreements.

⁷ Navrbjerg, Ibsen, 2017; Ilsøe, Larsen, 2017; Toubøl, Ibsen, Jensen, Larsen, 2015.

⁸ Larsen, Navrbjerg, Johansen, 2010; Ibsen, Due, Madsen, 2015.

2.2. Decentralization of bargaining competences

Over the past thirty years a decentralization process has taken place within the Danish industrial relations systems. The framework for collective bargaining continues to be outlined by sector agreements; however, local bargaining increasingly determines the implementation and interpretation of these agreements at company level. This development reflects the need for increased flexibility at workplace level. During times of a relatively centralized industrial relations system in the 1970s and 1980s, companies implemented new technologies and new work organisations, and at the same time they were increasingly exposed to an ever fiercer international competition. In combination, these factors created demands from employers for increased flexibility within collective agreements to accommodate the individual enterprises for a more flexible work organisation to adjust to new technologies, economic fluctuations, and a highly competitive market⁹.

This development has changed the depth and scope of collective bargaining in Denmark. As still more issues regarding wage and working conditions are up for negotiation – including issues that overlap welfare issues like pension and paternity leave – the scope has broadened, emphasizing that the social partners are to be considered responsible actors in the development of the welfare state. At the same time the depth has changed too – meaning that still more issues are up for negotiation locally at company level.

It is important to emphasize that the decentralisation in the Danish industrial relations system is controlled by the central parties. It has been described as “centralised decentralisation”¹⁰, and as such it is *not* a *laissez-faire* decentralisation, often described as “disorganised decentralisation” as seen in more liberal market economies like the United Kingdom¹¹.

2.3. Channels for influence

Employees can obtain influence on working conditions in the Danish labour market model first and foremost through the shop steward. Important institutions for influence is the collective bargaining system, the cooperation agreement, and the Working Environment Act.

⁹ Katz, 1993; Navrbjerg, 1999.

¹⁰ Due, Madsen, 2008.

¹¹ Traxler, 1995.

2.3.1. *The shop steward – part of collective bargaining*

Obviously, the presence of a shop steward is vital for employees to gain influence. Any workplace with five or more employees is entitled to elect a shop steward among the employees. The conditions for the election of the shop steward are not stipulated in legislation but in the collective agreement and in the cooperation agreement. As such, the shop steward is trade union affiliated and is the unions' representative at workplace level.

However, *shop steward coverage* is difficult to measure. Asking some 1,600 managers from randomly selected workplaces according to size and sector, the result is that on average 52% of Danish workplaces have a shop steward. Considerable differences exist between the private (33%) and public (91%) sectors. Size plays a major part here; the larger the workplace, the higher probability that the enterprise has a shop steward. Among workplaces with 5-9 employees, some 35% have a shop steward, while the share is 91% in enterprises employing 100-249 employees¹². However, it has to be kept in mind that the presence of a shop steward is closely linked to the presence of a collective agreement; if there is a shop steward, very often there will be a collective agreement, and vice versa.

Without the support of members, the collective agreements will have limited legitimacy. Hence, the *union coverage* is important. In 1995, 73% of employees in the Danish labour market were members of a union, a number that declined to 69% in 2014¹³. While the decline is less pronounced compared with many other European countries, this recent trend does challenge the trade unions as well as the collective bargaining system. However, while the share of "alternative unions" in 1995 was only 2%, in 2014 it was 9%. Nevertheless, the vast majority of employers and their organizations support the collective bargaining system with the traditional unions as institutions that secure industrial peace for two to four years at a time.

2.3.2. *The cooperation agreement*

The most important stipulations on employer-labor union information and consultation are to be found in cooperation agreements like the Cooperation Agreement between DA and LO (2006) (the first such agreement was entered into in 1947) between the Danish Employers' Confederation (DA:

¹² Larsen, Navrbjerg, Johansen, 2010, 245-52.

¹³ Ibsen, Due, Madsen, 2015. Different accounts estimate union coverage differently, but the differences are not considerable. See Due, Madsen, 2010; Ibsen, 2000.

Dansk Arbejdsgiverforening) and the Danish Confederation of Trade Unions (LO: *Landsorganisationen i Danmark*)¹⁴.

The agreement is broadly formulated and generally emphasizes the importance of engaging in a high degree of information provision and consultation. Employers are obliged by the agreement to update the local Cooperation Committees on the financial position and prospects of the company and the firms' staffing plans. In firms where there are no Cooperation Committees, employees are to be informed individually or/and in groups. Employers also have to provide information on any "significant changes and developments with regard to any introduction of new technology in production and administration" as well on "the employment situation"¹⁵. As such, the Cooperation Committee is pivotal for formal cooperation between management and employees. To establish a Cooperation Committee, the enterprise should have thirty-five or more employees. Typically, the Cooperation Committee consists of an equal number of employee representatives and management representatives – and the shop stewards are almost always among the employee representatives. A similar cooperation agreement is to be found in farming,¹⁶ and within many other sectors similar agreements exist, based on the main organizations FH and DA cooperation agreement.

If the enterprise is a stock-based corporation and has thirty-five employees or more on average over the last three years, the employees have the right to seats on the board. The board has to consist of at least three members, and the employees have the right to elect at least two members to the board.

While Cooperation Committees and boards provide employees with a voice, it is still up to management to decide to what degree they will listen to their input; the management prerogative is intact, and as such management is only obliged to give information. Even the information given might be conditional, as management can impose secrecy on some information if it can hurt the company, affect the stocks, etc.

2.3.3. The Working Environment Act

Finally, according to the Working Environment Act, it is the responsibility of management to ensure a health-and-safety organization is in place in the workplace. In enterprises with 1-9 employees, cooperation on health and safety is obtained through regular direct contact and dialogue between

¹⁴ The Cooperation Agreement 2006.

¹⁵ *Ibid.*, 7-8.

¹⁶ Samarbejdsaftalen, 2005.

the employer, the employees, and any supervisors. In enterprises with 10-34 employees, cooperation on health and safety is to be taken care of through a health-and-safety organization composed of one or more supervisors and one or more elected health-and-safety representatives, with the employer or a representative of the employer as chairman. The health-and-safety organization is responsible for both day-to-day and overall tasks relating to health and safety. Finally, in enterprises with 35 or more employees, cooperation shall be organized such that a health-and-safety organization is established on two levels, one being responsible for day-to-day tasks regarding health and safety, while the other consisting of one or more committees responsible for overall tasks related to health and safety. The chairman of a committee shall be the employer or a representative of the employer.

Basically, the employer is responsible for the physical and psychological working environment. While wages and working conditions (regulated through collective agreements) and cooperation (stipulated in the cooperation agreement) are mainly regulated by the social partners, health and safety is regulated by legislation. However, still more issues regarding health and safety are up for negotiation at company level, as still more issues are part of the collective bargaining system and the cooperative system – but the Working Environment Act is the fundament.

2.4. Collective actions – strikes

A fundamental rule to secure peace in the labour market is the peace obligation, i.e., the obligation not to strike (or lock out) while the collective agreement is in effect. However, strikes still occur when workers are unsatisfied about working conditions or other issues, though these strikes are not in accordance with the collective agreements and as such are “illegal”. Especially within slaughtering and processing, workers have been striking frequently over the years, and often the issue has been outsourcing. As such, employees in slaughtering and processing have been considered among the more militant workers in the Danish labour market, though the frequency of strikes has diminished considerably over the last decade.

3. Industrial relations in the pork value chain

Industrial relations are highly regulated in slaughtering and processing, while breeding is less regulated. Compared to other countries in Europe,

working conditions and wages are good across the pork value chain in Denmark. Despite a relatively high – and growing – number of non-Danish workers in all parts of the pork value chain, there has not been a dualization of the labour market in either breeding or slaughtering – as has been the case, for example, in Germany¹⁷.

Union density across the pig value chain differs considerably, as can be seen in the table below.

Table 3 – Union density across the pig value chain – in percentage points

	2008	2016
Breeding piglets	17.60	24.3
Breeding pigs	16.8	22.6
Slaughtering & processing	96.2	92.5

Note: Based on register data from Statistics Denmark – tax deduction on union fees.

While union density in slaughtering and processing is almost total, one in four are members of a trade union in breeding.

The share of non-Danish citizens working in the pig value chain has grown considerably over the last 10-15 years – see Table 4.

Table 4 – Share of Danish citizens employed in the pig value chain – in per cent

	Year 2008	Year 2016
Breeding piglets	77.1	65.2
Breeding pigs	84.5	77.1
	Year 2000	Year 2016
Slaughtering & processing	94.5	74.6

Note: Based on register data from Statistics Denmark – tax deduction on union fees.

An ongoing dialogue between the sectors and health-and-safety authorities entails a constant focus on health and safety in breeding as well as slaughtering. Reports of accidents is very high in slaughtering – due to hygiene requirements – and, as such, this area is under tight supervision.

¹⁷ Wagner, Refslund, 2016.

3.1. Industrial relations in breeding

The social actors signing the sector agreement within breeding is the union 3F (*Fagligt Fælles Forbund* – United Federation of Danish Workers) and the employers' organization GLS-A (*Gartneri-, Land- og Skovbrugets Arbejdsgivere* – Employers' Association for Agriculture, Forestry, and Horticulture).

Structural development within pig breeding has been towards fewer and bigger farms and a still higher level of industrialization. This makes it easier for the trade unions to organize employees in farming, and the strategy of the main trade union, 3F, is to convince the biggest farmers to sign collective agreements. They generally seem interested in signing collective agreements, and this is also seen by the union as an avenue to organize employees. However, there are farmers who do not want a collective agreement, even though 3F has the right to demand collective agreements. In these few instances, the union can (and does) employ conflict, typically in the form of sympathy conflict, i.e., unionized workers in transport can refuse to deliver fodder to the farm or to transport pigs and piglets from the farm. This typically forces the farmer to sign a collective agreement with the union.

Of the approximately 3,200 pig farms, it is estimated by interviewees that 1,000 do not have any employees at all, and as such have no reason to have a collective agreement. Of the remaining 2,200, it is estimated by interviewees that about three-fourth have 2-5 employees and therefore have a limited incentive to sign collective agreements. Of the remaining 500-600 farms, some 100 have a collective agreement. However, these are bigger farms, and it is estimated that around 50% of employees in breeding are covered by collective agreements (interviews).

Union density in the breeding of piglets is 25.8%. However, as Table 5 shows, quite a considerable share of employees join “yellow” unions or alternative unions.

In 2016, 35% of those employed in breeding piglets were non-Danish – up from 23% in 2008. With the enhanced share of non-Danish citizens in breeding and slaughtering, it is interesting to know whether the “new” employees tend to join trade unions. However, as Table 5 shows, non-Danish employees in the breeding of piglets tend to organize almost to the same degree as Danish employees.

In the breeding of pigs, union density was 22.6% in 2016 – up from 16.8% in 2008. Table 5 shows that quite a few are members of “yellow” or alternative unions.

Table 5 – Union density in breeding of piglets - 2016

	<i>Red union</i>	<i>Yellow union</i>	<i>Total</i>	<i>No.</i>
Danish citizens	17.0	11.2	28.8	4,305
EU11 citizens	10.8	12.2	23.0	1,357
EU15 citizens	17.9	12.8	30.7	39
3, countries	5.4	9.6	15.0	906
Total	14.1	11.2	25.3	6,607

Note: Based on registry data from Statistics Denmark – tax deduction on union fees.

Table 6 – Union density in breeding of pigs - 2016

	<i>Red union</i>	<i>Yellow union</i>	<i>Total</i>	<i>No.</i>
Danish citizens	15.7	7.4	23.1	3,386
EU11 citizens	10.6	13.7	24.3	593
EU15 citizens	4.0	16.0	20.0	25
3, countries	7.1	8.7	15.8	393
Total	14.2	8.4	22.6	4,397

Note: Based on registry data from Statistics Denmark – tax deduction on union fees.

While the share of non-Danish workers in the breeding of pigs was 23% in 2016 – up from 15.5% in 2008 – they tend to join trade unions almost as much as Danes – except for citizens from three countries outside the EU. However, it is worth noting that yellow unions have a foothold especially among citizens from the EU11 – the new member countries.

Across breeding, the majority of foreign workers are from Romania and Ukraine. Interviewees point out that Romanians especially are quite well educated, and that they are very popular among farmers because of their high work ethic. The unions consider them relatively easy to organize, and the Romanian embassy is cooperating with the unions on wages and working conditions. The trade unions are having meetings on these issues and furthermore giving advice regarding tax rules and tax reductions.

Interviewees point out that Romanians in Denmark most often are people with higher educations:

Romania is darn far away [...] those who takes the initiative to move to Denmark [...] it is not people from the countryside. They have a higher education and they have had serious consideration as to why they are here.

– 3F union representative

Interviewees estimate that the market for undeclared work and other forms of tax evasion in breeding is very limited for several reasons: Firstly, the sheer size of the farms makes it rather difficult to evade taxes. Secondly, the Danish tax system makes it possible to write off quite a few things – provided, of course, that the work is declared. Finally, due to the tradition within the Cooperation Movement (*Andelsbevægelsen*), knowledge sharing also entails social control – i.e., it could be difficult to evade taxes or hire illegal labour without other farmers knowing.

3.2. Health and safety in breeding

While health and safety is always of concern in breeding, the unions claim that the level of injuries is pretty low. According to the Danish Working Environment Authority (Arbejdstilsynet), the incidence of accidents in farming, forestry, and fishing combined is 84 accidents per 10,000 employees; this is significantly lower than the average across all branches, which is 122 per 10,000 employees.

However, it should be noted that the branch in general is riddled with underreporting of accidents and health-and-safety issues. Some reports indicate that up to 85% of accidents in farming are not being reported. While these estimations are only indicative, it is concluded by Arbejdstilsynet that underreporting within farming is “considerably higher than on the labour market in general, especially for less serious accidents”¹⁸.

Furthermore, the share of *serious* accidents in farming are higher than average; in 2016, there were 141 serious accidents (defined as more than three weeks’ sick leave) in piglet production, and 84 in the production of pigs for slaughter. In absolute numbers, 122 serious accidents occurred in pig farming in 2016¹⁹.

The health-and-safety authorities, the trade unions, and the employers’ organization are continuously running campaigns to provide information about accidents and how to avoid them – in Danish as well as English²⁰. This cooperation is considered positive and important by both parties.

Union surveys regularly show a high level of satisfaction among employees in breeding. This is partly due to contact with animals and nature. However, another important issue is highly systematized and scheduled work; this is favourable for work-life balance.

¹⁸ Arbejdstilsynet, 2017a, 6; see also Arbejdstilsynet, 2017b; LO, 2015.

¹⁹ A detailed overview of accidents in different branches in farming is available in Arbejdstilsynet, 2017a.

²⁰ See https://amid.dk/media/4781/faktaark_svineavlere_uk.pdf.

3.3. Industrial relations in slaughtering and processing

The social actors signing collective agreements within slaughtering and processing are the union NNF (Food Worker's Union – NNF Denmark) under the umbrella organization, the Danish Trade Union Confederation (FH – *Fagbevægelsens Hovedorganisation*, formerly LO), and the Employers' Association for Slaughterhouses (SA – *Slagteriernes Arbejdsgiverforening*), under the umbrella organization Confederation of Danish Industry (DI – *Dansk Industri*). The collective agreement runs to 131 pages and is available in Danish, English, German, and Polish.

The trend within slaughtering and processing over the last twenty-five years has been a constant pressure for efficiency. In the beginning of the 21st century, recurrent strikes broke out, and generally the relations between labour and employers were rather adversarial. Furthermore, even when the parties were able to reach a compromise at sector level, the compromises were regularly voted down by the workers.

In 2003, the Employers' Association for Slaughterhouses joined the umbrella employers' organization DI. That entailed the possibility of using the services of this major organization, and one interviewee estimates that this – combined with enhanced internationalization – made it possible to put more force behind the employers' quest for industrial peace.

In the 1990s and 2000s, access to markets was governing the (re)location of pork production, while the main focus today is on cost reduction. This has led to a significant relocation of jobs from Denmark to the UK, Poland, and, most importantly, Germany²¹, where wages and working conditions are significantly less favourable. This also had a damping effect on the frequency of strikes; while the workers had a very strong bargaining position twenty years back, today their bargaining power has been weakened considerably due to internationalization²² of the pork value chain²². The quest for efficiency continues, but dialogue is considered quite constructive. The trade unions are in constant dialogue with employers on efficiency processes, including automation and digitalization, while maintaining wages and working conditions. As such, concession bargaining has not been the way forward in Denmark.

Union density in slaughtering and processing was 92.6% in 2016 – down from 96.2% in 2008. In the major slaughterhouses the union rate is typically 100%, and the shop steward is typically professionalized, i.e., a full-time elected union representative. The local shop steward, together with management, is the main actor in decentralized bargaining. Collective agreement

²¹ Wagner, Refslund, 2016.

²² Refslund, 2013.

coverage is estimated by unions and employers to be close to 100% – and all the large companies are covered by collective agreements.

Table 7 shows that EU15 citizens and 3. country citizens (non-western, non-European) tend to join trade unions even to a higher degree than Danes and EU11 citizens – probably because they work in big slaughterhouses, where unionization is almost 100% and the social pressure to join the union is considerable²³. Yellow and alternative unions have a limited foothold in slaughtering and processing, and only in the small slaughterhouses.

Table 7 – Trade union density in breeding of pigs – 2016

	<i>Red union</i>	<i>Yellow union</i>	<i>Total</i>	<i>No.</i>
Danish citizens	89.6	3.1	92.7	5,238
EU11 citizens	87.7	2.4	90.1	1,355
EU15 citizens	96.6	0.6	97.2	322
3, countries	95.5	1.5	97.0	530
Total	89.8	2.8	92.6	7,508

Note: Based on registry data from Statistics Denmark – tax deduction on union fees.

The share of non-Danish workers in Danish slaughterhouses and processing is 25%, up from about 5% in 2000. Quite a lot of these are from Poland, but workers from Myanmar, Sri Lanka, and Vietnam have lately become more prevalent in this part of the value chain. However, it is important to emphasize that these workers are refugees or have travelled to Denmark of their own accord; they are not, as seen in many other countries, recruited specifically for the task.

The unions do not ask their members about nationality, but their websites are accessible in Polish, German, and English, and they translate the collective agreements as well. Over the years, employers in the major slaughterhouses have tried to reduce wage levels, but to no avail. Hence, the threat of offshoring is an important part of wage negotiations²⁴. However, subcontracting of employees plays no role in slaughterhouses in Denmark, and there is no dualization of the work force as such.

Some 90% of workers receive piece-rate payment. While the sectoral agreement sets a baseline for the piecework, local negotiations based on constant measurement of piecework determines the actual pay. A constant pressure from management as well as employees to up the speed and hence

²³ Wagner, Refslund, 2016.

²⁴ Ibid.

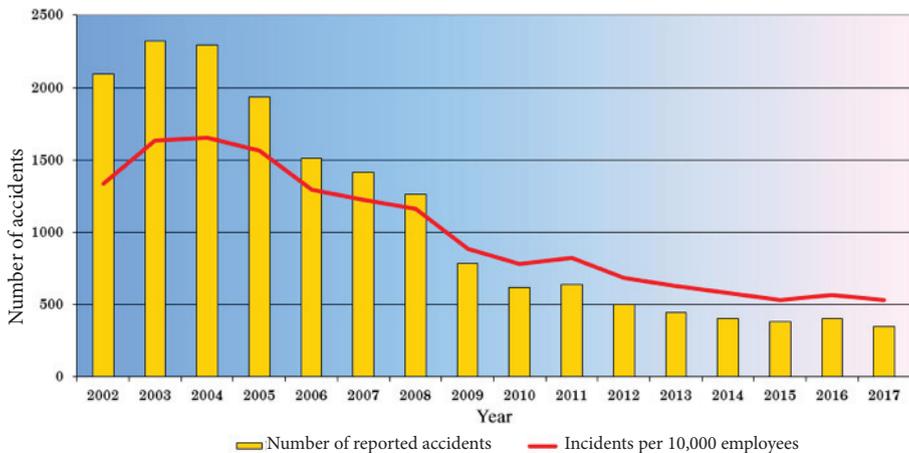
efficiency in the slaughterhouses entails a high level of stress and risk of injuries due to the high-speed work.

3.4. Health and safety in slaughtering and processing

Slaughtering and processing has always been riddled with health-and-safety issues²⁵. However, as early as the 1990s, the employers' association SA made it mandatory that any health-and-safety incident leading to more than one day of sick leave should be reported. This rule means that the branch has a reporting rate of almost 100% – compared to the majority of other branches, where the reporting rate is closer to 50% – and, as mentioned above, it is even lower in breeding.

The figure below shows the development in work-related accidents in slaughterhouses and processing in Denmark.

Figure 1 – Work-related accidents in slaughterhouses and processing



Source: Slaughterhouse industry accident statistics 2002-2017.

As illustrated, the absolute number of incidents has gone down from more than 2,000 in the beginning of the 2000s to around 350 in 2017 (yellow bars). However, there are also fewer people employed in slaughtering. The red line indicates incidents per 10,000 employees. Incidents per 10,000 employees was one-third in 2017 compared to 2003 – a considerable improvement. In absolute numbers: out of 6,646 employees in slaughterhouses and processing in 2017, only 352 accidents occurred.

²⁵ Grelle, Knudsen, 1995.

The Danish Working Environment Authority (*Arbejdstilsynet*) reports that slaughtering has the second highest number of accidents compared to other branches. The incidence is 288 per 10,000 employees, 44 of which are serious incidents²⁶.

However, as mentioned above, it should be kept in mind that slaughtering probably has a considerably higher reporting rate than other branches. One reason for that is high hygiene levels in Danish slaughterhouses, entailing mandatory reporting of even minor cuts and bruises²⁷.

Slaughtering is also mentioned in reports by the National Research Center for the Working Environment (*Nationale Forskningscenter for Arbejdsmiljø* – NFA) as one of the branches that stresses the importance of reporting and improving health and safety²⁸.

As mentioned, a work organization with an emphasis on piece-rate work is a major health issue. However, as this has become the norm in slaughtering and processing, it is questionable to what degree stress issues connected to this work organization is reported in the statistics.

4. Summing up – strengths and weaknesses along the Danish pork value chain

The Danish pork value chain is not riddled with the same problems as many of the pork value chains in other countries. The relative strength of industrial relations institutions across the value chain entails a rather high level of unionization and collective bargaining coverage – though much higher in slaughtering and processing than in breeding. Health and safety seems to be under control (see more details later in this report), though not without challenges – and it has not been possible to find any sign of illegal employment, tax evasion, fraud, etc.

4.1. Strengths in the Danish pork value chain

The analyses have brought to light a series of strengths.

4.1.1. Thoroughly regulated industrial relations – at least in slaughtering

In slaughtering and processing, nine out of ten workers are organized in trade unions, and collective bargaining coverage is close to 100%. Interest-

²⁶ Arbejdstilsynet, 2018.

²⁷ Nielsen, Carstensen, 2016, 16.

²⁸ NFA, 2018.

ingly, the newcomers in the Danish slaughterhouses – the approximately 30% non-Danish workers – are organizing to the same degree as Danish citizens.

The same goes for the newcomers within breeding (accounting for 35% in piglet breeding and 23% in pig breeding), who are as likely to be members of trade unions as Danish workers.

Hence, despite the considerable share of non-Danish workers, there has been no tendency towards a dualization of the labour market or a race to the bottom – as seen in Germany.

In breeding, the unionization is considerably lower – approximately 25% – than seen in slaughtering. This is also lower than the national average, but in general unionization in farming is considerably lower than on average. As such, unionization in the pork value chain does not stand out from farming as such.

However, the social partners on both sides consider the level as reasonable, since many small farms might not really need collective agreements. Unionization is considerably higher in the bigger farms.

4.1.2. Relatively high level of health and safety – in slaughtering

The social partners in both breeding and slaughtering are concerned about health and safety. However, while the reported incidents in breeding is relatively low (compared to the national average), the number of incidents is considerably higher in slaughtering. However, traditions for reporting are very different. In slaughtering and processing, for more than two decades, reporting on health and safety has been mandatory, especially with regard to cuts, as this ensures a high level of hygiene – which is worth a lot in the international pork market. Therefore, while the number of accidents per 10,000 might seem high in slaughtering and processing, compared to the national average and other sectors, in reality it quite precisely reflects the health-and-safety status in the sector – and, most importantly, it has the attention of the social partners and authorities alike.

4.1.3. The cooperation movement – coherence and knowledge-sharing

The Danish cooperation movement, established in the 19th century, is still very much present all along the pork value chain. In breeding, this has entailed a tradition of knowledge-sharing, resulting in a fast dissemination of innovative measures and hence high quality and efficiency in the breeding of

pigs and piglets. Furthermore, the slaughterhouses guarantee that the farmer can sell the pigs at the right time and at the right price. In slaughtering, some of the slaughterhouses – most notably the absolute biggest, Danish Crown – are still controlled by farmers.

The cooperation movement has ensured coherence and stability along the pork value chain. Farmers work under pretty much the same conditions, as everybody knows what each farmer does – including in terms of working conditions, wages, etc.

But at the same time, the farmers' control over the slaughterhouses might inhibit management's latitude to change business models, even if deemed necessary by management. As shown below, the cooperation movement also faces challenges.

4.1.4. Integration of non-Danish labour in breeding, slaughtering, and processing

A general labour shortage due to the prospering economy, combined with a lack of interest in work in farming and slaughterhouses, has led to an opportunity for foreign labour and refugees to gain a foothold in the Danish labour market.

While the share of non-Danish employees in breeding was 23% in 2008, it was 35% in 2016. In slaughtering and processing, the share was 5% in 2000 and rose to 25% in 2016. As shown, the non-Danish employees unionize to the same degree as Danish workers. The pork value chain has been a path to integration in Danish society.

4.1.5. Automation – a threat and an opportunity

While employment in slaughtering and processing are decreasing, productivity is constantly going up. This is mainly due to automation. On the one hand, automation improves working conditions and health for the employees; on the other hand, enhanced efficiency due to automation means a loss of jobs.

In the greater scheme of things, the focus on reducing labour costs through automation has led to the development of a robot-production industry targeting the meat sector. This entails export opportunities, and Danish meat processing and slaughtering machinery is highly esteemed internationally – sometimes as part of turnkey slaughterhouses sold abroad, as in China. As such, automation presents an opportunity for another branch.

4.2. Challenges for the Danish pork value chain

The Danish pork value chain also faces quite a few challenges. A lot of jobs have been lost over the years, and while automation has made health and safety better, there are still challenges within this area.

4.2.1. Loss of jobs – especially in slaughtering

As pointed out earlier in this book, the main challenge along the Danish pork value chain is the loss of jobs. Especially within slaughtering and processing, a considerable number of jobs have been lost over the past 10-15 years.

The reasons are manifold, but two main reasons are considered of importance. Firstly, the labour costs in competing neighbouring countries is a very decisive factor. The absence of statutory minimum wages in Germany and the Hartz reforms has skewed the competition, and the major Danish slaughterhouses have outsourced the most labour-intensive work to Germany and other countries.²⁹ As mentioned, Danish unions are strongly organized and have chosen not to engage in concession bargaining. Hence, the trade-off unions have chosen is fewer jobs – but jobs with fair wages and working conditions. This trade-off is of course only possible because of a very high level of unionization and collective bargaining coverage, which again has had the consequence that dualization of the labour force has not been possible. While Danish trade unions have been able to maintain wages and working conditions, and to a large degree have kept clear of a “race to the bottom”, the price has been a steady loss of jobs – which is also due to automation. This begs the question of the future of slaughterhouses in Denmark.

4.2.2. Limited unionization in breeding

The situation is quite different in breeding. Jobs are also lost, but to a much lesser extent than in slaughtering and processing. After all, it is difficult to export a farm. About one in four employees in breeding are unionized, and while this is much lower than the national level of 67%, unionization has gone up in breeding over the last decade. A very likely reason for that is the still bigger farms – the number of farms is halved every seven years, while production is rising. This indicates still bigger farms with more employees,

²⁹ Wagner, Refslund, 2016.

which again makes collective bargaining relevant for employees as well as employers. With 75% of the labour force in breeding still not unionized, and only half the labour force covered by collective agreements, the pork breeding business is an outlier in Danish industrial relations, while in international comparison it might look rather well regulated.

4.2.3. Underreporting of health-and-safety incidents – in breeding

While reporting of health-and-safety incidents in slaughtering and processing is rather accurate, in breeding the tradition for reporting is rather casual. Research, as well as the social partners, estimates that accidents are underreported by a solid margin in breeding – up to 85% of accidents are not reported – and hearsay examples exist of employees being treated for serious accidents without health-and-safety authorities having been informed. While the social partners are making a concerted effort to draw more attention to health-and-safety in breeding, there is considerable room for improvement.

4.2.4. The cooperation movement dissolving

As mentioned above, a core issue in the Danish pork value chain has been the Cooperation Movement (*Andelsbevægelsen*). However, there are also challenges in facing the movement. The slaughterhouses are still controlled by the cooperation movement, which makes it difficult for slaughterhouse management to make major changes in strategies if it questions the fundamental values of the cooperation movement.

The tendency of still fewer and bigger farms means fewer farmers, and in combination with generational change, farmers seem less connected to the cooperation movement. Furthermore, the change in production from pigs for slaughtering to piglets weakens the direct link between farmers and the slaughterhouse, as most of the piglets are exported. This might make it possible for slaughterhouses to change strategies. The question is whether the fundamental culture of sharing knowledge and cooperating to make Danish pigs among the best in the world will be lost in the process.

4.2.5. Stress-related health-and-safety issues in slaughtering

While reporting on physical issues is very high in slaughtering, it is a big question to what degree stress and health issues related to a high speed of

work is reported. As piece-meal measures are initiated by management as well as employees, there are no major incentives to report the health-and-safety issues related to the work organization per se. Hence, underreporting within this area is a possibility.

5. A case study: a major pork farm

5.1. Background

Denmark had approximately 3,200 pig farms as of 2019. The farms are getting still bigger, and their half-life is seven years. In 2025 the number of farms is projected to be approximately 1,600 farms, and the remaining farms will be bigger.

Farm production in Denmark is very effective – in 1985 a sow produced an average of 19 piglets; in 2015 it produced 32. Furthermore, the production pattern has changed, and today Denmark is producing a substantial number of piglets for export (see *supra* in this chapter).

5.2. The case farm – a holding company

The farm we visited is among the biggest farms, and as such it represents the future of Danish pig farms. The farm has been in the family for generations, and the current owner took over from his father in 1991.

The farm is actually also a holding company with a surplus of €1.125 million and an equity of €6.7 million. The farm has a website, with a profile presenting the company as well as a business strategy and its employees.

5.3. Production and structure

When the company was established in 1991 it consisted of 50 hectares. Since then, they have been investing constantly, and basically “geared” their investments as much as the banks allowed. Today, the farm has 550 hectares of land and leases another 500 hectares. Crops from the land make an important contribution to fodder for the animals. Production takes place on six farms. The herd is a so-called “full-line”, as it consists of all three segments along the first part of the pig value chain:

- 1,800 sows;

- 55,000 piglets;
- 54,000 pigs for slaughter.

This is a bit unusual, as most farms concentrate on one segment. However, the owner considers this a risky business:

Most famers chose to have piglets and sows OR pigs for slaughter. Due to the competition [on wages in slaughterhouses], half the piglets in Denmark are going abroad. Most farmers are making this either-or calculation. I have another philosophy – I like to have as much of the value chain as possible.

Furthermore, half the fodder is produced “in-house” on the fields owned and leased. However, the farmer wants to enhance the production of fodder, so as much fodder as possible is produced on his own land. The motivation is to a large degree the drought of 2018, where farmers in general were hit hard; while the prices of fodder rose due to the drought, prices for pig meat remained stable.

I would like to control as much as possible in the fodder – to minimize risks. We had a really bad harvest last year [2018]. Fodder went up, meat did not – and we got caught in between.

In 2018 the bottom line was zero – as opposed to the budgeted surplus of €1 million – all due to the drought and the high prices for fodder.

The farmer has started a €2.4 million renovation project, under which he is merging two farms.

The farm has twenty employees – ten Danish and ten foreign. There are three team leaders – one for sows and piglets; one for slaughter pigs; and one for the fields. They move around between the different farms and are responsible for the fodder and growth of the animals.

5.4. CSR and full control along the value chain

This farmer will not engage in export of piglets for feeding in other countries. One thing is the risk of African swine pest – but more importantly, he is alert to the “politics of pig production”:

It is a political risk – there is a political focus on the export of piglets. Nobody understands why we produce piglets in Denmark, only to drive them to Poland, Romania, Italy. Even I think this is strange.

He does acknowledge that it is more expensive to slaughter in Denmark

– but as a member of the Cooperation Movement (he sits on the board of Danish Crown), he finds it vital that he and the movement control as much as possible in the value chain.

I might earn a bit less, but I have a solid business. I am part of the Cooperation Movement, I want to get parts of the value addition into as many links as possible along the value chain.

But international competition makes it especially difficult to keep slaughtering and processing in Denmark.

I work hard to have a competitive production in Denmark because I believe that we have to have the whole value chain here – breeding, growth, and slaughtering. But it is damn difficult when they have such different working conditions in countries around us.

His thought is that processing can go abroad – because locals have special requirements. However, even though the unprocessed meat goes abroad, Danish Crown still has influence; recently, Danish Crown invested €40 million in a processing facility in Shanghai.

5.5. Industrial relations in the farm

The farm has twenty employees – about half are from abroad, mainly Romania and Slovenia, while the remaining are Danish nationals. All employees are organized in a trade union, and the farm has a collective agreement. The monthly wage is DKK 23-24,000 (EUR 3,200) per month plus pension. Generally, the farmer appreciates that the collective agreement stipulates the wage level and working conditions, and he also appreciates that the employers' organization can handle problems related to working conditions. However, there are also challenges.

The farmer is cooperating with two unions. 3F (*Fagligt Fælles Forbund* – United Federation of Danish Workers) is the main trade union which most of the organized employees in farming are members of, and it is the trade union that his employers' organization has a collective agreement with. As a farmer on the board of Danish Crown and as chairman of the interest organization Danish Slaughterhouses, he also has experience with NNF (Food Worker's Union – NNF Denmark). While cooperation with 3F has sometimes been problematic, as they use pretty shrewd means to obtain collective agreements with farmers, the perception of NNF is quite different:

NNF understands the situation. We actually have a common interest in working to make any company strong and profitable. [...] In the slaughterhouses, we have really been able to cooperate with the union and obtain good results. They understand that we have to have a competitive business along the value chain. NNF understands that. [...] We have a very open dialogue.

5.6. Labour shortage – foreign labour

The farmer already started recruiting foreign labour back in the 1990s. A major local factory was expanding and sucked up pretty much all the labour in the area, and that motivated the farmer to look for labour abroad. Today, it is generally difficult to get young people to work in farming. The farmer tries to get young people to work after school and some are continuing, but generally it is difficult to get young Danes to work in the sector. Hence the recruitment of foreign labour, who are also considered more mature than young Danish workers.

Half the employees are foreigners, mostly from Romania and Slovenia. While in general Ukrainians are popular in Denmark, this farm prefers workers from EU countries, as the paperwork is easier. The employees are seldom educated in farming, but they are highly motivated to work abroad, and that is crucial for the employer. After three months it becomes clear whether they are cut out for the work, and they get a two-year education.

Many of the employees from these countries are members of the trade union 3F, but the employer does not discuss union membership with them. Their wage is exactly the same as for Danish workers, as they apply the collective agreement.

The culture between the different nationalities is quite significant, and even employees from one country can be very different. This farmer has hired quite a few from the poorer part of Romania (the east) – *de facto* Romas – and considers them very good workers.

This is super labour. They only have problems understanding why they are getting wages when they are sick. They don't understand why they cannot work more per week so they can go home to their families.

Both the employer and the employees find the system too rigid:

This is one of the stupid elements in the Danish system: I can only employ them for 160 hours per month for four weeks; otherwise we have to pay overtime. The collective agreement is not flexible enough here.

Ideally, both parties would prefer a system where the foreign employees could work, for example, 60 hours per week for four weeks, and then have two weeks off. But the collective agreement does not allow this. The farmer cannot afford to pay overtime if he wants to stay competitive.

The farm has a brand-new house where foreign workers can live – temporarily or more permanently – for up to seven people. Currently, only three are living there, while quite a few have bought houses and brought their family to Denmark. Due to the risk of contamination, the employees are not allowed to bring food from their home country. The farm provides full board for employees at the price of EUR 105 per month (DKK 800), and those who decide to live at the farm pay for the accommodation.

5.7. The cooperation movement

Knowledge-sharing is quite widespread. If you have a problem on a farm, you discuss it with your neighbor.

Knowledge-sharing in Danish farming is awesome! If I have a problem, I talk to the neighbor and he gives me advice. And I trust him – I trust he is giving me good advice and will help me. You will not experience any other place in the world where you have such an open attitude. [...] We believe that $2+2=5$ if you share knowledge.

Not only the farmer, but also the three team leaders are part of ERFA groups (peer-to-peer groups), where they formally meet every six months – every two weeks in the summertime to discuss contemporary problems. A team leader explains:

We develop our genetics by sharing knowledge. That means that our piglets have the best genetics in the world. We share – it is not like in other countries, where you keep new ideas to yourself.

In Denmark there is an ongoing discussion on the integrator-model seen in the United States and in Spain – i.e., a system where all links along the pork value chain from fodder to breeding to final product is owned and controlled by a single enterprise. The farmer considers the model smart with regard to control over the value chain, but efficiency-wise it is not impressive.

They have a staff turnover of 75% per year, and they produce 25 piglets per sow, while we are able to deliver up to 40 piglets per sow.

5.8. *Strengths of Danish pig production*

The farmer list up to three elements where Danish pig production is state of the art: (1) genetics, (2) feeding efficiency, and (3) the environment.

He especially emphasizes the environment:

The environment is very important as part of the discussion of sustainability. If you calculate the total CO₂ produced per pig, then I am a world champion! [...] We believe that we will be able to deliver positively to the agenda on sustainability.

Danish Crown has promised to halve the CO₂ footprint by 2030.

While genetics is a strength in Danish pig production, Danish farmers also sell out of the genetics. However, this farmer is not worried:

You might have the right genetics – but part of it is management; if you cannot handle the genetics in the right way, you are not able to get full dividends off of the genetics.

Furthermore, when genetics are exported, a royalty is payed and delivered to Danish farmers.

5.9. *Epilogue: a typical farmer... ?*

The farm in this case study is among the fifty biggest pig farms in Denmark – out of 3,200 pig farms. The owner is vice-chairman of the interest organization Danish Agriculture & Food Council (*Landbrug & Fødevarer*); he also chairs the so-called “company board” in the same organization and serves as a board member in Danish Crown. He is without any doubt a quite powerful farmer in the Danish pig value chain.

Therefore, he may not be the average Danish pig farmer. However, we know that the number of pig farms is decreasing, and farms are becoming still bigger. In other words, he may actually be an example of where Danish pig farming is heading – and an example of the professionalism in the Danish pig business.

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4. *Structural characteristics and industrial relations in the pork value chain: the case of Germany*

By Michael Whittall, Rainer Trinczek

1. Introduction

Readers might be surprised to hear how workers do not always experience “fairness” up and down the German pork value chain¹. You could be forgiven for believing employees are treated fairly in a country whose laws recognize the workers’ rights. Surely, the existence of collective bargaining and works councils ensure employees’ voice is heard loud and clear. As the following chapter highlights, though, reality often dispels such assumptions. It is worth considering, for example, that a discussion has raged about the stability of the German system of industrial relations in recent years². We contributed to this debate recently, too³. The key issue concerns the following: Are procedures and regulations that govern interaction between employer and employee institutions in a state of crisis? Although the scope of this question is too wide to address in a single chapter, evidence presented in the proceeding sections suggests German industrial relations, widely referred to as *Modell Deutschland*, is no longer robust. Certainly, this appears to be the case in the pork industry.

¹ Although the focus of this chapter is firmly on the pork industry, it was often difficult, certainly in terms of using secondary and legislative sources, to differentiate between pork and other meat products. In the terms of fieldwork, we tried as best we could to steer interviewees’ attention towards the situation in the pork industry. Furthermore, we chose respondents from regions known to play a dominant role in pork production in Germany. Nevertheless, we need to acknowledge that these individuals are not merely responsible for pork products for the whole meat industry as well as sites that do not solely process pork. Hence, though we are referring constantly to pork production, we cannot exclude the fact that the assumptions and conclusions drawn in this chapter could equally apply to the meat industry as a whole.

² See Hassel, 1999; Thelen, 2000; Streeck, Rehder, 2003; Whittall, 2005.

³ Whittall, Trinczek, 2020.

As this chapter demonstrates, the lack of a stout industrial relations system in the pork industry as well as deregulatory labour market developments, these made possible by European and German legislators, helped catapult Germany to the top of the European pork pyramid. As outlined in the following section, Germany's role today in Europe's pork value chain is quite evident. In terms of production, imports, and exports it plays a dominant role. In some respects, this represents an economic miracle – Germany being a mere footnote until the 1990s⁴. There is a need for caution when discussing Germany's emergence as a miracle, though. Its arrival on the European and global pork market owes its success to a business model made possible by the free movement of goods and labour within the European Union as well as Berlin's willingness to take advantage of access to cheap labour from central and eastern Europe. In short, German governments' willingness to liberalize the temporary agency market and an unwillingness to introduce a minimum wage provided German producers, as well as foreign producers that moved to Germany, an obvious price advantage in the European pork value chain⁵.

Of course, although meat producers welcomed these changes, from an employees' perspective they amount to nothing less than social dumping practices. As the chapter stresses, employees have often had to contend with appalling working and living conditions not readily associated with Germany. These include low salaries, long working hours, unpaid overtime, and overcrowded living quarters in which tenants pay extortionate rates⁶. Nevertheless, recent developments, the result of meat producers' concern with its public image, as well as trade union activities and politicians' attempt to reverse the legislative course set by their predecessors, provide some possible cause for hope. To different degrees, respondents indicate some progress can be observed since 2014⁷, progress that might even help revitalize industrial relations in this branch.

The chapter has the following structure: We begin by offering a structural understanding of the pork industry, with a specific focus on economic and labour market factors. Such a framing process will help the reader to understand developments that have occurred in the last two decades as well as

⁴ Whittall, Trinczek, 2020; Bosch, Hüttenhoff, Weinkopf, 2019.

⁵ Refslund, 2012.

⁶ A situation prevails whereby the employer, often a subcontractor, provides accommodation to their employees – this often subtracted from the employees' pay packet at the end of the month.

⁷ We are sincerely thankful to representatives from the *Gewerkschaft Nahrung-Genuss-Gaststätten* (NGG) and the *Verband der Ernährungswirtschaft* (VDEW) for supporting the project.

discussions relating to these. Next, we provide a concise insight into German industrial relations. We do this at two levels: First, we offer knowledge of the main actors and institutions as well as the legal parameters underpinning *Modell Deutschland*. The chapter then proceeds to apply this knowledge of German industrial relations to the pork industry, explicitly focusing on the nature of collective bargaining and the breadth and role of works councils within pork production sites. We then turn to consider measures such as collective agreements and legislation, but also employer actions designed to address precarious employment within the industry. This section is followed by a more in-depth study on one particular piece of legislation – the 2017 Act for Securing better Working Conditions in the Meat Industry, a law spearheading the fight against the precarious work. Finally, we will conclude by offering a review of how the pork industry has changed as well as some tentative observations about possible future developments, with a particular focus here on industrial relations.

2. Main critical aspects of the pork value chain in Germany

The *Bundesministerium für Ernährung und Landwirtschaft* (BMEL - German Ministry for Food and Agriculture) proudly notes that Germany is the third largest exporter of agricultural products worldwide, exporting around a third of its annual agricultural production⁸. Moreover, Germany currently has a pork surplus of around 18%⁹, a surplus that it uses to a good use, i.e., export. Considering the meat industry as a whole, of which pork plays a major role (see Table 1), total meat exports account for around €2.5 billion¹⁰.

Table – German meat exports

Product	%
Pork	18
Poultry	10
Beef	6

BMEL, 2018, 5.

Whilst German pork exports to the EU have declined in recent years, exports, mainly to China, have offset this decrease. Recent figures show Germany

⁸ BMEL, 2018, 5.

⁹ BMEL, 2018, 5.

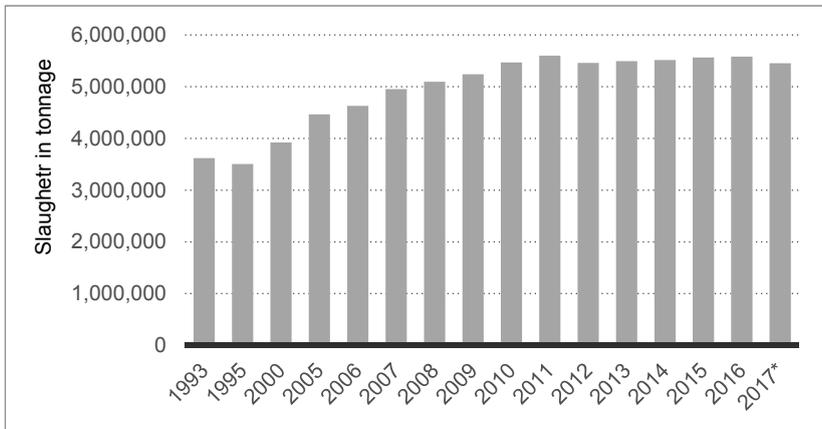
¹⁰ Statista, 2018, 2.

exports around 3 million tons of pork annually¹¹. Eight countries account for the vast majority of German pork exports: Austria, China, the Czech Republic, Denmark, Italy, Great Britain, Poland, and the Netherlands. Of these, Italy and China lead the group, respectively importing 386,000 and 379,000 tons of pork¹².

The pride with which the BMEL refers to the global prominence of German agriculture can partly be traced back to changes in pork production that began in the 1990s. As respondents contributing to this chapter note, in terms of the European pork value chain, Germany went from a bit to a major player towards the end of the 1990s:

I can confirm what your other respondents have said. For many years, the German meat industry played no real role in Europe. In the past, we had commune slaughterhouses and then we had slaughtering colonies that went from one slaughtering house to the next. This started to change in the 80s. It [industry] became more industrial, individual firms like Nordfleisch started to take over slaughtering houses¹³.

Figure 1 – Pork production (tonnage) between 1993 and 2017 in Germany



As other chapters demonstrate, these changes had repercussions that stretched well beyond Germany’s borders – affecting company policies as in the cases of Vion (Dutch) and Danish Crown (Danish)¹⁴. Figure 1 catches excellently the growing importance of Germany in the pork market¹⁵, pork production currently around 5.6 million tons¹⁶.

¹¹ Krenn, 2016.

¹² Ibid.

¹³ Expert from a leading employer association.

¹⁴ We will return to this issue below.

¹⁵ Statista, 2018b, 2.

¹⁶ BMEL, 2018, 20.

The BMEL notes¹⁷ that, with exception of Spain, no other EU Member State comes anywhere near the tonnage produced by Germany. The other key producers, namely France, Poland, Italy, Austria, UK, Denmark, the Netherlands, and Belgium produce below, in some cases far below 2 million tons of pork, i.e., Belgium, UK, and Austria.

In terms of the geographical spread, two *Bundesländer* (federal states) stand out, *Niedersachsen* (Lower Saxony) and *Nordrhein Weestphalen* (North Rhine-Westphalia). They represent the heart of pork production in Germany and Europe. Respectively they account for 8,531,600 and 6,846,424 million pigs, more than half of the country's total pork livestock¹⁸. Obvious differences in the make-up of both states' livestock can be observed, though. Whilst *Niedersachsen* specializes in piglet production, currently home to 2,243,200 million piglets, *Nordrhein Weestphalen* has a monopoly in young pigs weighing less than 50 kg, 1,930,100 million in total¹⁹. In addition, both states geographically well placed for key pork exporting countries. Denmark Belgium and the Netherlands respectively export 321,627, 267,522 and 123,972 tons of pork to Germany²⁰, the majority of which finds its way to *Niedersachsen* and *Nordrhein Weestphalen*.

As implied already, Germany is an interesting market for foreign meat producers. Vion, for example, after Tönnies, is currently the second largest pork slaughterer in Germany. Sixteen of its twenty-five production sites are based in Germany. As indicated in the Danish chapter, Danish Crown has taken Vion's lead by moving production to Germany, too. The construction of new value chains is not a one-way street, however.

Of the German meat producers, it would be amiss to ignore Tönnies's dominance. Together with the likes of Vion, Danish Crown, and Westfleisch, Tönnies has contributed to making Germany Europe's "slaughterhouse". A term many critical commentators like to deploy when referring to developments in the European pork value chain. Tönnies Holding is more than just a pork slaughterer. In fact, the holding refers to itself as a multi-tier food company, with interests across Europe. Employing around 16,500 employees and a turnover of just under of €6.2 billion²¹, Tönnies has nineteen production sites, of which ten are spread across the following countries: Belgium (1), Denmark (2), France (1), Poland (3), and the UK (3)²².

What explains the major changes in the European pork value chain, in

¹⁷ Ibid.

¹⁸ Statista, 2018 f.

¹⁹ Ibid.

²⁰ Statista, 2019d.

²¹ Tönnies, 2020a.

²² Tönnies, 2000b.

particular the arrival of Germany as a major pork producer? Bosch, Hüttenhoff, and Weinkopf rightly assert that strong oligarchical market structures, meat production dominated by a few large companies, owes its genesis to a growth in population and living standards, namely, demand. Nevertheless, such oligarchical structures, with two-thirds of pork production controlled by four companies²³, Tönnies, Vion, Westfleisch, and Danish Crown, are also indebted to favorable labour market conditions. Access to cheap labour from central and eastern Europe, this made possible by favorable labour market regulations, certainly until around 2015, allowed meat producers to thrive in Germany.

In short, firms' successful and competitive business model has been underpinned at different times by an overreliance on temporary agency and subcontractor workers. Although employer and trade union respondents indicate that the reliance on labour from these parts of Europe is nothing new, Germany in the 1980s signing quota agreements with Poland, the Czech Republic, and Hungary to allow their nationals to work in German meat industry, these were conceived as temporary arrangements, designed to offer firms personnel in times of low unemployment²⁴. The temporary character of previous arrangements ended in the 1990s, though, following the fall of the Iron Curtain. This historical moment saw firms begin to comprehend the possibilities offered by an abundance of cheap labour from the likes of Poland, Rumania, and Bulgaria. Even though at the time the free movement of labour was not possible, this only made possible with the passing of the 2004 EU regulation on the free movement of labour, firms became increasingly reliant on working with subcontractors that posted workers to Germany. Whilst firms initially outsourced elements of the labour process to Polish subcontractors, recently the likes of Vion and Tönnies have become to increasingly reliant on Bulgarian and Rumanian workers. This change in strategy, a growing reliance on migrant labour, is reflected in social security figures – the number of permanent staff declining considerably between 1999 and 2014. In this period, the number of employees covered by social security contributions fell from 186,741 to 143,144²⁵. As the following employer representative suggests, questions marks prevailed about the sustainability of such a model:

[T]he slaughtering industry grew quickly. This involved subcontracting employment. That was the only option because the free movement of labour did not exist then [...]. Then in the 90s, the 2000 period, there was a lot pressure from government

²³ Bosch, Hüttenhoff, Weinkopf, 2019.

²⁴ Ibid.

²⁵ Ibid., 196.

agencies concerning these subcontracting agreements. A lot [of firms] were naïve [...]. Very little attention was paid to whether such workers were temporary agency or subcontractor workers, a mixture occurred. [Firms] just did not take enough care. They were not aware that they had to take care²⁶.

Considered economically, the growth of the German pork market represents an un-resounding accomplishment. In a matter of three decades, Germany went from a minor league actor to a Kingmaker. As implied in the following sections, the industry faces a number of challenges ones that could place in question this success story. Foremost of these, something we address in detail below, and an issue touched upon by the last respondent when claiming some firms were naïve in their contractual relations with subcontractors, relates to legislative as well as employer and union measures that address a business model dependent on precarious employment. Before we turn to consider such actions, we first need to offer an understanding of the industrial relations landscape – specifically industrial relations institutions that have gone some way to facilitating change in employment conditions. We begin by offering a broad understanding of the German system, moving then onto aspects of *Modell Deutschland* that prevail or do not exist in the pork industry.

3. German industrial relations – a pluralist means of containing conflict

As noted above, German industrial relations is often referred to as *Modell Deutschland*. Inherent in this term is the notion that a culture of social partnership and dialogue characterizes relations between employer and employee representatives, each party viewing the other side as the solution rather than the cause of a problem. Taking up this point, Walter Müller-Jentsch²⁷, an esteemed researcher on German industrial relations, emphasizes how *Modell Deutschland* exists to institutionalize conflict: although “the underlying conflict between capital and labour today is not solved”, German industrial relations ensures a “disarming canalization of conflict between capital and labour”. The institutionalization of conflict, one that runs through *Modell Deutschland* like a red thread, can be traced back to the early 20th century. As in the case of the 1905 Miners Law²⁸, the State has taken upon itself the

²⁶ VDEW representative.

²⁷ Müller-Jentsch, 1997.

²⁸ According to Teuterberg, 1961, the Mining Law in 1905 provided miners with an early form of works committee. These rights of participation were agreed after miners in the Ruhr area of Germany went out on numerous strikes for higher wages and better working conditions between 1889 and 1905.

promotion of industrial peace²⁹. State involvement in the early part of the 20th century set important precedents for later legislators, precedents that not only aimed at politically pacifying workers, offering them some degree of voice, but moreover an expectation that employer and employee representatives would attempt to solve problems in an amicable way. Certainly, the first three decades of the 20th century, for example, the *Vaterländischen Hilfedienstgesetz* (Patriotic Forum) in 1916, which recognized trade unions, the *Betriebsrätegesetz* in 1920, the first law that legislated for works councils³⁰, all helped lay the foundations for today's German system of industrial relations. These were the years when German social partnership took root.

Today the 1949 *Tarifvertragsgesetz* (Collective Bargaining Act) and the 1952 *Betriebsverfassungsgesetz* (Works Council Act), together with the *Mitbestimmungsgesetz* (Co-determination Act) of 1976, represent the three modern day pillars of German industrial relations. Again, a central component of each piece of legislation concerns partnership, the State putting in place specific guidelines, that is, procedures that protagonists have to comply with should they decide to take advantage of these laws. Here one needs to recognize, for example, that in the case of the *Betriebsverfassungsgesetz* and the *Tarifvertragsgesetz*, the laws are mere options that industrial relations actors can apply should they see fit³¹. This fact helps explain the existence of huge discrepancies in works council density rates and collective bargaining coverage across branches. In addition, another central aspect of these laws concerns accountability. Once, the parties in question, be it employer associations and trade unions demonstrating a willingness to enter into negotiations, or a workforce holding a works council election, all affected parties are required to abide by a web of legal rights that govern the capital-labour relationship. Furthermore, such accountability has the added benefit that it helps reinforce the partnership character of *Modell Deutschland*. A short insight into the key parameters of these laws will provide the reader with (1) a better understanding of how they promote both accountability and partnership and (2) a deeper understanding of the main characteristics of German industrial relations, characteristics unfortunately that all too often are missing in the German pork industry.

At the core of the *Tarifvertragsgesetz* is the principle of industrial harmony, which might appear a somewhat strange notion considering how the law accepts how industrial strife, the right to strike, is part-and-parcel of

²⁹ Zachert, 1979.

³⁰ Zachert, 1979.

³¹ Whittall, Trinczek, 2019.

the employment relationship³². Furthermore, the law endows trade unions, companies, and employer associations with the sole right of negotiator; only these parties are allowed to negotiate a collective agreement, which regulates employment terms and conditions. Traditionally such a monopoly has involved trade unions and employer associations negotiating branch-level agreements. In the case of the pork industry, for example, the main union body is the *Gewerkschaft Nahrung-Genuss-Gaststätten* (NGG) and in the case of the employer association, the *Arbeitgebervereinigung Nahrung und Genuss*. We also need to recognize the binding nature of such agreements. Namely, affiliates of the employer association party to the agreement are required to adhere to the terms and conditions negotiated by the branch-level actors. In contrast, companies that are not members of the employer association covering their branch are excluded from such agreements. This does not necessarily mean, though, that such companies are not party to a collective agreement. Firstly, the companies might sign a *Haustarifvertrag* (company level agreement) or be required by the Ministry of Employment Social Affairs to comply with the branch-level collective agreement, that is, the so-called *Allgemeinverbindliche Tarifverträge* (agreements made generally binding)³³. This last fact refers to a clause in the *Tarifvertragsgesetz* which allows the ministry to declare, as this is seen to be in the interest of the public, an agreement generally binding on all companies. To understand the scarcity of such a measure, it is worth considering that 76,043 collective agreements are currently in place³⁴, of which a mere 443 are generally binding³⁵. Such agreements (1) seem insignificant and (2) they demonstrate (the very intention of legislators) the monopoly employer and employee representatives have over collective bargaining.

The real jewel in the crown of German industrial relations, the motor of social partnership, concerns the *Betriebsverfassungsgesetz*, a law which offers employees in companies employing a minimum of five people the right to be consulted and informed on an array of work-related issues as well as the ability to veto certain managerial proposals. Although the law empowers workers, offering them various mechanisms, which to different degrees control managerial decisions, the *Betriebsverfassungsgesetz* is quite specific in outlining that works councilors have a dual function. The dual function demands that works council delegates represent both the interests of the work-

³² Kittner, 1997.

³³ A considerable number of these agreements are to be found in the construction and security branches.

³⁴ WSI, 2018.

³⁵ BDA, 2017.

force, the very people that elect them, but equally those of the company. Discussing this issue, Whittall argues, managers are very complimentary of what they term their counterparts' "balanced approach"³⁶. For example, according to Zagelmeyer works councils made a positive contribution to companies' response to the challenges posed by the 2008 and 2009 financial crisis, management and works councils implementing various working time measures to accommodate a drop in production without having to resort to mass layoffs³⁷.

Finally, the *Mitbestimmungsgesetz* is a piece of legislation that offers employees a voice at the board level, the so-called supervisory board, a body that appoints the CEO and oversees a firm's business strategy. In contrast to the other two aforementioned pieces of legislation, this law is not an option. It applies to all joint stock or limited partnership companies that employ a minimum of 2,000 employees. As will become apparent when studying industrial relations in the pork industry, this threshold clause helps explain why many companies do not have to comply with the law. In terms of representation, the law offers both parties so-called parity, that is to say, employers and employee delegates have the same number of seats. However, in the case of a deadlock, that is, a situation where neither party is able to achieve a majority – the chair, an individual that by law the employer's side appoint, has the casting vote. Because management as well as employee delegates are committed to a long-term working relationship, though, both parties often commit to a strategy of de-escalation, using various communication channels to address issues of conflict prior to supervisory board meetings.

3.1. German industrial relations: a system in the throes of change?

In discussing the above three institutions, what the article refers to as the three main pillars of *Modell Deutschland*, the reader should consider that such bodies are not entrapped in a historical vacuum. In the 1980s, for example, Schmidt and Trinczek strongly argued how essential it is that researchers conceive works councils as a form of living organism³⁸, a structure like any other effected by internal and external developments, i.e., factors specific to the company and society as a whole³⁹. Kotthoff makes a similar point in his second study of works councils⁴⁰. Using the river as a metaphor for this

³⁶ Whittall, 2015, 84.

³⁷ Zagelmeyer, 2010.

³⁸ Schmidt, Trinczek, 1986.

³⁹ Ibid.

⁴⁰ Kotthoff, 1994.

institution, he says that the river's "current and color remained to all intents and purposes the same". Some alteration had occurred, though. "The major change involved the fact that the river had developed new currents out of regions that had previously not been connected to it"⁴¹. In short, an analysis of *Modell Deutschland* requires us to study such institutions within their historical context⁴². A case in point, for example, concerns the recent minimum wage, and temporary agency legislation. As will become apparent below, both pieces of legislation have had a major impact on the labour market structure, collective bargaining and plant-level relations between management and works councils in the pork industry. The arrival of ever increasing global competition for goods, services, and labour, in which the European Monetary Union has played a key role, has seen cracks appear within the industrial relations edifice known as *Modell Deutschland*⁴³.

Numerous factors highlight how German industrial relations, for so long conceived as resistant to the neo-liberal forces that have engulfed most national systems of industrial relations in recent decades, has started to creak. One variable concerns the role and strength of trade unions. Although unification initially saw an unprecedented increase in union membership⁴⁴, unions quickly had to contend with a decline in density levels. Between 1994 and 2018, the number of members fell from 9,768,373 to 5,974,950 million, a loss of 3,793,423 million members within this period⁴⁵. In total around 18.5% of all employees are members of a trade union today⁴⁶. What explains this decline? A number of factors can explain the low trade union density levels in Germany. Even accepting the relative stability in two key branches, manufacturing and the public sector⁴⁷, unions struggle to gain a foothold in service branches such as logistics, IT, E-commerce, and cleaning⁴⁸. A problem that unions have in these under-represented branches concerns the high percentage of female, highly qualified, and migrant employees, all demographic variables to be found in the meat industry.

⁴¹ Kotthoff, 1994, 13.

⁴² Streeck, Thelen, 2005; Kotthoff, 1994.

⁴³ Whittall, 2005; Whittall, Trinczek, 2019.

⁴⁴ An explanation for this expansion concerns the fact that the *Freie Deutsche Gewerkschaftsbund* around 9 million members had just before the collapse of the *Deutschen Demokratischen Republik*.

⁴⁵ Statista, 2019.

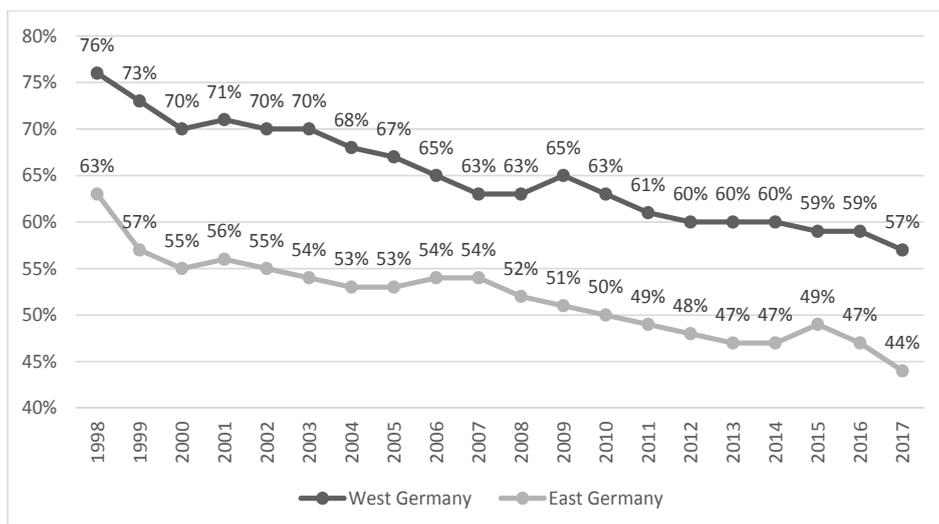
⁴⁶ Schneider, 2018, 1.

⁴⁷ Firstly, it needs to be acknowledged that the two largest unions in Germany, the *IG Metall* and *Verdi*, respectively still organize 2,270,595 and 1,969,043 million workers. Statista, 2018b, 9.

⁴⁸ See Hassel, Schröder, 2018, for a more in-depth understanding of the problems associated with organizing employees in these branches.

The rolling back of union density is not the only example of *Modell Deutschland's* declining embeddedness. A decline in collective bargaining coverage as well as employee access to works councils also makes for unpleasant reading⁴⁹. Currently, a mere 47% of employees have their terms and conditions regulated by branch-level agreements⁵⁰. For a considerable number of years now the binding nature of collective agreements has been undermined by an increase in so-called *OT-Mitgliedschaft* (membership in employer associations without having to abide by collective agreements), firms which, although members of employer associations, are not required to implement agreements negotiated by their association⁵¹. Moreover, a historical perspective offers us a real understanding of how the collective bargaining topography has altered in the last two decades. Considering both company- and branch-level collective agreements together, the following figure reveals the number of employees covered by such arrangements fell by 19 percentage points in the west of the country! This represents quite a dramatic decline considering how the former *Bundesrepublik* was for many decades home to *Modell Deutschland*. As for the former German Democratic Republic, the statistics are virtually identical, down from 63 to 44% in the same period.

Figure 2 – Collective bargaining coverage in West and East Germany between 1998 and 2017



⁴⁹ Kohaut, 2018.

⁵⁰ Hans-Böckler-Stiftung, 2018.

⁵¹ Sell, 2018.

Another collective bargaining development worth considering, concerns the growing prevalence of company-level bargaining. This is but another expression of how the German system of industrial relations has had to contend with decentralization tendencies. In total, company-level agreements determine 8% of all German employees' terms and conditions⁵², a high percentage of which prevail in the eastern part of the country⁵³.

The diminishing collective character of German industrial relations can also be observed in the number of works councils that currently exist. According to Ellguth, a noticeable decline in this institution began at the end of the 1990s, the number of employees having access to a works council down from 51 to 40% in the west of the country and 43 to 33% in the east between 1992 and 2018⁵⁴. Most alarming is the fact that something in the region of a mere 9% of firms are home to a works council⁵⁵. These figures exemplify an interesting and some would argue dangerous development, the so-called crisis of this institution⁵⁶. For this reason, there is a growing call, especially amongst trade unions and members of both the Green and the Linke political parties, to reform the *Betriebsverfassungsgesetz* to make it compulsory to hold works council elections⁵⁷ – a change conceived as necessary to address the coverage crisis, especially amongst small to medium-size companies. Presently, a meagre 5% of companies employing between 5 and 50 workers have a works council, compared to 80% in firms with a workforce larger than 500 employees⁵⁸. Obviously, such a move would place in question the current “option” character of the *Betriebsverfassungsgesetz*, an option that does not appear able to halt the decline of worker participation, though. Finally, another area that threatens to undermine *Modell Deutschland* relates to the status and role of works councils: the fact that this institution can become a management organ⁵⁹, the extended arm of the company. As highlighted in the next section, this last issue appears quite prevalent in the German pork industry.

4. Labour relations in the German Pork Industry – the decline of *Modell Deutschland*

As already discussed, the growing change within the German system of

⁵² Hans-Böckler-Stiftung, 2018a.

⁵³ Kohaut, 2018.

⁵⁴ Ellguth, 2018, 3.

⁵⁵ Ellguth, 2018, 5.

⁵⁶ Absenger, Priebe, 2016; Thannisch, 2015; Griefenstein, 2011.

⁵⁷ Absenger, Priebe, 2016.

⁵⁸ Ellguth, 2018, 5.

⁵⁹ Kotthoff, 1981.

industrial relations, marked by market deregulation and a decentralization of decision-making processes, appear to be quite advanced in the meat industry. In many respects, the industry could be considered a collective bargaining desert with a few oases. For example, the main employer association in the food and beverage sector, which includes the pork industry, the *Arbeitgebervereinigung Nahrung und Genuss*, stipulates on its homepage that it exists as a mere advisory body for its nine regional members. Branch-level collective bargaining is simply an anomaly. The last time the national employer association participated in collective bargaining was in January 2014. This involved the main meat employers Tönnies, Vion, Westfleisch, and Danish Crown indicating a willingness to accept the introduction of a minimum wage in 2013⁶⁰, which led ultimately to the *Arbeitgebervereinigung Nahrung und Genuss* and the NGG signing an agreement to introduce an initial minimum wage of €7.75. Moreover, the social partners called on the Ministry of Employment and Social Affairs to make the agreement binding as of 1 July 2014. Altogether, the agreement laid down four installment dates, the last taking effect in December 2016, this setting the minimum wage at €8.75 an hour⁶¹.

For a number of reasons, however, such a breakthrough represented a false dawn. Firstly, the agreement, which ended in December 2017, was not extended. Instead, a few regional as opposed to national agreements were signed. For example, the NGG was able to sign a minimum wage collective agreement with the *Verband der Ernährungswirtschaft* in Niedersachsen in 2018. This agreement not only set a minimum wage rate of €9.00 an hour, nearly 20 cents higher than the legal national rate at the time, but an extra €30 per month was agreed to cover the time it took employees to change into their working clothes. According to the chair of the *Verband der Ernährungswirtschaft*, Theo Egbers, the agreement benefitted around 150,000 employees in the region. Nevertheless, it needs to be considered that the part of the agreement relating to the minimum wage became redundant in January 2019 when the national minimum wage rose to €9.19 an hour.

Secondly, the two main pork regions, *Niedersachsen* and *Nordrhein-Westfalen*, are not covered by a *Flächentarifvertrag*. Excluding the agreement on minimum wage, the only branch-level agreement that exists in which the NGG negotiates salaries, occurs in Hessen. Here, the NGG, together with the *Arbeitgeberverband Ernährung Genuss Hessen, Rheinland-Pfalz* and *Saar-*

⁶⁰ This occurred two years before the German government eventually passed a law obliging all employers to pay a minimum wage. On 1 January 2015, a minimum wage of €7.40 an hour in the old German states and €7.20 in Berlin and what was formerly East Germany came into force.

⁶¹ Doelfs, 2014.

land, signed a pay agreement which came into force in July 2017. The agreement, which ended on 30 June 2019, guaranteed an initial pay raise of 2.3%, followed by a further increase of 2% the following year.

Such agreements are clearly the exception to the rule. When questioned about the state of collective bargaining, NGG officers outlined how this decline in employee representation dates back to the mid-1990s⁶². From this point on, the union's collective bargaining focus involved, where at all possible, trying to sign company-level agreements, agreements that did not involve employer associations. These negotiations took place directly between the union and the respective firm. In light of the previous discussion about the advancement of *Haustarifverträge*, the meat industry clearly appears ahead of its time. Respondents outlined that in six of the major slaughtering and meat production companies, company agreements now exist, even in some of the Tönnies sites, a company historically opposed to any form of collective bargaining. Generally, where at all possible the key issues concerned working time, lowering the hours worked from 40 to 37.5 per week, six weeks' vacation, and an extra pay packet at Christmas. The following respondent outlines the changes that have taken place:

Our problem in Germany is the collective bargaining law. Obviously, our aim is to have an industry-level collective agreement. We can only achieve this, though, if the employer associations come onto our side and are ready to sign a national collective agreement. The problem is, though, that we have a situation in the meat industry, and this is a fact, that [one company] controls the *Verband der Ernährungswirtschaft*, really controls it and its policies. They [employer associations] do not want such a collective agreement. Rather, they [employer associations] favor company agreements – and these do not cover [the one company]. [This one company] does not want any form of collective agreements. [This one company] does not support any reasonable form of employee representation, nor any form of codetermination [...]. For this reason, we call the battle, house battles, battling from one house to another. We are the union with the most company agreements in Germany⁶³.

What explains the NGG's ability to achieve a degree of collective bargaining in the guise of company agreements, even in some of Tönnies's subsidiaries? Two factors appear to be at play here. The first, concerns the structure of the labour force and the presence of intact industrial relations practices, specifically high union membership and an active works council.

⁶² Until the middle of the 1990s, we had an employer association that was willing to work together with us, i.e., negotiate a branch-level agreement. Then around ten of the largest meat producers in this region were members of the employer association (NGG Officer 1).

⁶³ NGG Officer 2.

Important here is the ability of the latter to function independent of management control. The second involves high-profile legal cases that have received much publicity in the media.

Starting with point one: in those companies which participate in company collective bargaining, for example, the Dutch company Vion in Niedersachsen, 40% of the workforce is permanently employed, which is 50% higher than in most companies in the branch according to the NGG⁶⁴. Likewise, there is a strong correlation between the number of permanent employees and union membership levels. Again, in the case of Vion 40% of the workforce is a member of the NGG. According to the union officer responsible for Vion⁶⁵, this allowed the union to make some positive contractual inroads regarding salaries – salaries for the lowest pay band set at around €11.68 per hour, €2.33 higher than the current minimum wage.

Concerning the question of image, the case of Westfleisch is quite interesting. In recent years, federal lawyers prosecuted Westfleisch for its illegal use of subcontractors, namely, financing the setting-up of such companies, that is, bogus firms, so it was not required to pay social benefits or collectively negotiated salaries. The federal prosecutor successfully made the case that the subcontractors' management were nothing more than marionettes of *Westfleisch*. Consequently, *Westfleisch* was ordered to pay a fine of €2.6 million 2008⁶⁶. One NGG officer noted, how such bad publicity had had a positive result, in that Westfleisch began to work on its image. Today, it is even willing to work closer with the NGG as well as to partly distance itself from previous outsourcing practices – preferring instead to rely on permanent employees.

Although union respondents indicated, the NGG had attempted to manage the precarious situation as best as possible, a view emerges that the union was partly responsible for the current situation. This concerns the NGG's organizational structure and its role within the meat industry, specifically that employees in the industry have not been a union priority in the last thirty years⁶⁷. With union density just below 10% in the meat industry, this represents a catastrophe according to one NGG officer. Respondents did note, though, that the NGG was in the process of trying to correct earlier mistakes, returning to its roots by undertaking union work like it had a hundred years ago. This involves visiting sites in an attempt to start some form of dialogue with prospective and existing members. The NGG officers interviewed

⁶⁴ NGG Officer 2.

⁶⁵ Ibid.

⁶⁶ Perspektive, 2018.

⁶⁷ Although the NGG organizes around 198,026 workers in twelve branches, the branches where it has the most members are hotel and restaurants as well as food production.

considered the election of a new union leadership committed to organizing workers as a positive development too, as well as the union's commitment to invest more resources into recruiting new members.

Such a strategy, however, has many hurdles to jump over; one in particular concerns companies' attempts to block union officers' gaining access to sites. It was outlined how officers had had to resort to a number of strategies to speak to employees at their place of work, a right actually guaranteed by the German constitution and Works Council Act. In cases where firms refuse union offices access to a site, officers' threat to call the police, contact the local press, or go in front of a labour court usually ensures companies rescind their previous decision.

Apart from employer opposition, the NGG recognizes that organizing workers in the meat industry is not easy. In fact improving on the current 10% density rate has to contend with a number of factors. The first of these relates to an important aspect of the German industrial relations system, one that has been crucial to trade unions winning new members and promoting union policy amongst the workforce. In the case of the meat industry, the main problem the NGG has to deal with is works councils' lack of independence of management control, what Whittall⁶⁸ and others refer to as plant egoism, namely, works councils being an organ of management⁶⁹. Although union officers contend, most slaughterhouses and meat production sites have a works council, in the main these are controlled by management. With a few exceptions, the NGG has to contend with a works council environment, which is not sympathetic to its cause. Respondents outlined in detail how union campaigns and actions had to deal with employers refusing them (1) access to works council meetings and (2) management hijacking work council elections. The last point involves management taking the initiative to set up works councils and handpicking delegates to sit on it, delegates who usually have a managerial background. Even where the union has been successful in getting members elected to the works council, management sometimes resorts to threatening such individuals with the sack. In one such case, management dismissed two union delegates on trumped-up charges according to an NGG respondent⁷⁰. However, in this particular case the union was able to get the company to reverse its original decision, deciding instead to encourage the two individuals to leave of their own accord by offering them a favorable redundancy package. In what follows, union offices discuss in some detail the problems the NGG faces:

⁶⁸ Whittall, 2005.

⁶⁹ Kotthoff, 1981.

⁷⁰ NGG Officer 1.

We do not have any new members. A main reason is that departmental managers (these are really paid well) sit on the works council. The reason for this is because the permanent workforce is predominantly made up of admin, high-skilled employees, and managers – they tick differently – they do not possess a working class consciousness. In the past we tried to set up works councils, we never gave up, and they [employers] realized we would never give up. Which led the firms to take the initiative and set up the works councils themselves⁷¹.

I know the chair of the works council really well – he is a member of our union. I do not know why he is a member. He was previously a departmental head, responsible for time control. Many works council delegates have a similar background. With 500 employees, they have quite a few delegates, in practice the right to two full-time officers, but they only have one, and this individual does not really have any say in matters, but rather two other delegates, both of whom are top managers⁷².

The second obstacle concerns the structure of the workforce in the meat industry. The following characteristics prevail: Firstly, in some cases up to 90% of employees work for subcontractors, a fact, which means they constantly move between various sites. Secondly, the majority of these subcontractor employees have a migrant background. Predominantly from Bulgaria and Rumania, the majority of employees possess either no or a very limited knowledge of German. Combined, the problems of language and mobility mean the NGG faces obstacles when trying to convince such employees of (1) the need to join a union and (2) the advantage of a work council:

Because of the different cultures and languages, we now have to contend with [...] this is our biggest problem⁷³.

[Y]ou need to be able to work with employees who have a permanent contract, people you can work with over a longer period of time. You have a massive fluctuation rate. If I work with Polish employees, i.e., I want to set up a works council, I have to explain the nature of German co-determination, what consequences it would have for them. This represents a political process that takes place over many years. The foreign employees come from countries with a different culture. They do not understand how the German system of co-determination works; they do not know very much about unions. Sometimes they have a negative view of trade unions – they view us as part of the establishment. They do not trust us, they think we want to control them. They do not think we are on their side. This makes it very difficult to organize these people⁷⁴.

⁷¹ NGG Officer 2.

⁷² NGG Officer 1.

⁷³ NGG Officer 2.

⁷⁴ NGG Officer 1.

The NGG has recorded some success in reaching out to migrant workers, though. Here, the NGG has been able to call on the services of *Faire Mobilität*⁷⁵, which has one office in *Niedersachsen* and two in *Nordrhein-Westfalen*. The nature of such work often entails the NGG and *Faire Mobilität* jointly spending the whole day in a firm's canteen. Initially such actions often involve the NGG and *Faire Mobilität* helping workers fill in bureaucratic forms pertaining to child benefit. Such advice, though, is seen as an important step in gaining an employee's confidence.

5. Critical aspects within the pork value chain – labour market legislation, employment contracts, cost reduction practices, and future developments

The German meat industry has gone through major changes in the last twenty years; one could even say turmoil. As noted on numerous occasions, as a result of changes in the regulation of the labour market, particularly the reform of the *Arbeitnehmerüberlassung* (Temporary Agency Act) in 2003⁷⁶, plus the Citizens' Rights Directive, which ushered in the free movement of labour in 2004⁷⁷, Germany's position in the meat value chain changed radically:

Until around 2001-2003, the German meat industry was not a big player; the main players then were Denmark, Holland, and France. Germany was a minor league player until the new subcontractor model was introduced, flooding the market with cheap labour from eastern Europe. Germany has the advantage that it is in the center of Europe and home to over 80 million people. The first meat producers to realize this came from Holland, in particular Vion, which started to buy up sites that belonged to Nordfleisch. Eventually a fusion with Südfleisch saw the creation of Vion Food. Then the Danes came. Like the Dutch they not only saw Germany as a great source of cheap labour, but a means of creating, of altering the European meat market, using cheap labour to create a major global meat player. Tönnies quickly got in on the act, too – utilizing subcontractor employees⁷⁸.

As *Faire Mobilität* and the NGG respondents noted, the key ingredient often concerned illegal and unethical practices associated with subcontract-

⁷⁵ Go to the following website for a more conclusive understanding of *Faire Mobilität*: <https://www.faire-mobilitaet.de/>.

⁷⁶ Changes to the Temporary Agency Act in 2003, involved removing restrictions that limited the length an employee could be loaned out to a firm. The previous law had restricted it to twelve months. The reform also stopped the so-called prohibition of re-employment.

⁷⁷ Part and parcel of the so-called Four Freedoms of the EU, the Citizens' Rights Directive defines the right of free movement for citizens of the European Economic Area.

⁷⁸ NGG Officer 2.

ing, practices that helped to accommodate a fall in the price of pork⁷⁹. Employees often had to contend with employers charging them for using knives and working clothes, normally around €20 a week as well as astronomical rents for accommodation.

Nevertheless, developments in recent years, in particular the bad publicity the meat industry has had to contend with, plus the NGG's lobbying in Berlin, have helped to contain some of these bad practices. One factor that changed the character of the labour market, involved a piece of legislation pertaining to temporary agency work passed in 2017. The new law ensured the following: First equal pay comes into effect after nine months of employment. Second, the number of months a temporary agency employee can work at a firm can cannot surpass 18 months. Certainly, employers were very critical of the new law. Steffen Kampeter, president of the German employers association, the BDA, suggested the new law had not only made temporary agency work surplus to requirements, but had helped increase employers' dependency on subcontractors. In some respects, certainly in the meat industry, the new law merely helped confirm an already growing trend:

Temporary agency workers are the exception to the rule today. Of the 500 people that work directly for X, only around 30 are temporary agency workers, mainly specialists. In the other areas, you hardly have temporary agency workers. The majority of employees work for subcontractors. They do not send one individual – they send whole departments. One integrated team undertakes the complete slaughtering and cutting process⁸⁰.

There is a large meat firm and a few small ones that continue to use temporary agency workers⁸¹.

Employers too were keen to get their house in order according to a VDEW respondent. In addition to signing the minimum wage collective agreement in 2015, in the same year the key pork players, namely, Danish Crown, Tönnies, Vion, and Westfleisch, together with other meat producers, voluntarily committed themselves to improving the working conditions of subcontractor employees. Referred to as the *Selbstverpflichtung der Unternehmen für attraktivere Arbeitsbedingungen* (SUAB – the voluntary commitment of employers to make employment conditions attractive) was an old idea employers had long toyed with according to the following interviewee:

⁷⁹ Refslund, Wagner, 2017.

⁸⁰ NGG Officer 1.

⁸¹ VDEW representative.

Around 2005, we attempted for the first time to create structures to place the issue of a minimum wage on the agenda. We talked about this internally. However, we were not successful. I have to be clear here, the branch was quite clear in saying “we don’t want this, everything is OK. We do not have problems anymore. We have done our homework”. Then the issue came up again around 2012-2013. The units [production sites] were a lot bigger, and the Rumanians came. [Then we saw] a worsening of the accommodation situation and so on. Which meant everything became a lot more difficult. Then we tried again to raise the issues [employment conditions of subcontractor employees]. We discussed them. We had a discussion with the *Niedersachsen* ministry for economics and then [we] presented the old suggestions again. These discussions took place at a national level within the industry, although the center was always Niedersachsen and NRW⁸².

A central aspect of the voluntary agreement entails firms distancing themselves from posted workers as of 30 June 2016, and requiring contract partners to employ workers under German law⁸³.

Furthermore, contractors hired auditors to examine subcontractors’ books – this conceived as means to check whether partners were actually abiding by German law, especially as regards recording correctly the hours worked. In addition, employers used this new opportunity to check that subcontractors complied with the 2014 accommodation code of conduct that had been agreed by employers – this a response to the bad press about the living conditions of workers from central and eastern Europe.

In cases where non-compliance with such codes was discovered, that is, poor accommodation or the failure to fully reimburse employees, contractors responded by cancelling contracts according to the *Sozialpolitische Ausschuss der Fleischindustrie* (The Social Political Committee for the Meat Industry). Danish Crown took such a measure, for example, when discovering that a contractor had (1) made its employees work two shifts and (2) workers had not been paid on time⁸⁴. As outlined in the following quote, employers believe such measures had the desired impact:

We hardly have any posted workers today. Nearly a 100% change occurred here, German law playing a key role. This created stability. Naturally, the minimum wage played a role, too⁸⁵.

Even though the NGG partly agrees the employer’s measures have helped to improve workers’ employment and living conditions, Claus-Harald-

⁸² Ibid.

⁸³ Sozialpolitische Ausschuss der Fleischindustrie, 2016, 8.

⁸⁴ Sozialpolitische Ausschuss der Fleischindustrie, 2016, 9

⁸⁵ VDEW representative.

Güster, former deputy general secretary of the NGG, suggested that the subcontracting system remained a problem that needs to be addressed⁸⁶. The union's concerns about employment and living conditions in the meat industry did not fall on death ears. As the following section demonstrates, the government took measures to place in question the feasibility of the subcontracting business model.

6. A case study: The Act Securing Employee Rights in the Meat Industry – tackling precarious employment practices in the meat industry

6.1. The evolution of the Act Securing Employee Rights in the Meat Industry

Previous sections, some in detail, have highlighted how the German meat industry, in particular employers involved in pork production, have come under severe scrutiny in the media and political circles concerning employment conditions in this branch. Certainly, a mixture of bad publicity and political pressure saw employers implement certain voluntary measures, even going as far as signing a collective agreement to improve the industry's image. Undoubtedly, the employer's side was convinced, a position it still adheres to, that it had done its homework, that it had got its house in order:

The first thing that you need to consider is that there were six firms, large firms that were committed to the agreement [the 2015 SUAB agreement], and then came the smaller firms. We now have 20 firms that support an agreement that covers around 100 sites. When these firms sign such an agreement, then they comply with what is laid down in the agreement. That is the first point. We do not even have to believe that they comply. The decisive point, though, are the figures that we have. We have reports that show firms are complying with the agreements [...]. We have the figures from the *Berufsgenossenschaft* [professional association for food and beverages]. We can see how many workers have been registered and they indicate that something has happened, that the firms are undertaking checks with the help of external auditors [...]. Even the unions accept that everything is in order, that German law covers employees⁸⁷.

Unfortunately, contrary to the previous respondent's assertions, we have seen that NGG officers still believe there is much room for improvement, that illegal practices persist amongst subcontractors. Furthermore, such vol-

⁸⁶ Sieler, 2016.

⁸⁷ VDEW representative.

untary agreements neither covered all firms in the industry nor legally required those firms that had signed the SUAB to comply with the measures agreed upon. Hence, Doelke notes, for example, that question marks persist about the credibility of checks undertaken by external auditors⁸⁸, that such checks could be bogus. An NGG respondent went as far as to suggest that from the very beginning they had been sceptical about the effectiveness of such a voluntary approach:

[T]here are two issues that need to be considered. One, a firm can voluntarily agree to abide by such an agreement, and when this works, then it is great. Nevertheless, here the issue [Act Securing Employee Rights in the Meat Industry Act] involves ensuring that all companies are covered. The problem here is that a branch had become reliant on a business model that involved posted workers, wage dumping, not adhering to employment conditions set down in law, and this required teaching the branch that “you can only stay in business when you comply with the law”⁸⁹.

Parliamentarians, even those aligned with conservative parties usually supportive of employers⁹⁰, also agreed with the NGG that employer measures, like the SUAB, had fallen short. Politicians’ critical stance seems to have been influenced by reports stemming from officers overseeing the implementation of the minimum wage – the fact that it was difficult to properly check compliance rates. Other information sources suggested problems persisted relating to wages and living conditions⁹¹. Two other factors appear to have informed actors’ critical position towards the voluntary approach, too. Firstly, with the continued dependence on the subcontractor model, the number of permanent employees had not increased, which has always been the main preference of the NGG and politicians in recent years⁹². Secondly, according to *Faire Mobilität*, employer actions appear to have worsened the position of some employees⁹³. They note that better employment conditions and wages sometimes resulted in the subcontractor either disappearing (many such firms merely have a post code), or the fact that they are forced into bankruptcy. In fact, bankruptcy appears to be a direct result of contractors turning to other firms that could offer better terms and conditions, i.e., cheaper labour⁹⁴.

Both politicians’ commitment to pass the law as well as concerns they

⁸⁸ Doelke, 2015.

⁸⁹ NGG Officer 3.

⁹⁰ Bosch, Hüttenhoff, Weinkopf, 2019.

⁹¹ Seepsi, John, 2018.

⁹² Bosch, Hüttenhoff, Weinkopf, 2019.

⁹³ Seepsi, John, 2018.

⁹⁴ Ibid.

had that employers would use their lobbying powers to oppose the proposed bill ensured the law was passed very quickly, that is, in a way that did not involve consulting employers. In a country that prides itself on bringing employer and employee representatives together to solve issues the latter point represents an unprecedented act:

We [NGG] were involved to some extent in its development, but this involvement concerned individual issues. There was not a long discussion over many years [...] and we were very happy about this – we welcomed this. The main parties in the old coalition were convinced of the importance of such a law. They wanted to implement it quickly. They did not want to have long-drawn-out discussions with the industry about whether such a law made sense or not [...]. That it [industry] does not comply with collective agreements, that it [industry] does not want any form of employee representation, that it [industry] does not exploit workers from central and eastern Europe. What is the point talking to such people [employers] [...]. You cannot use the usual measures that apply to social partnership – this branch has shown through the previous ways it has acted that you can no longer believe what they say⁹⁵.

Employers were scathing about the law and how it had been passed, plus what they considered to be the NGG's duplicitous involvement in the whole procedure:

No, they [parliamentarians] consciously surpassed us. It was a cloak and dagger action. We were not consulted and it caused a lot of trouble because people [employers] asked why are we doing everything in our power [voluntary agreements], when they are treating us so badly and not involving us. It cost a lot of effort to keep the firms committed to our [voluntary] policy [...]. The problem is, that the media is really encouraged, partly by the NGG, to find single cases that are then used to say that the whole industry is like that. In the world of work, we always have problem cases. If we did not, there would be no need for employment courts [...].⁹⁶

According to the previous respondent, though, any such malpractice does not represent a systematic attempt on the part of the industry to exploit workers, but rather a few cases that are the result of cultural misunderstandings on the part of subcontractors rather than intentional malpractices:

We may have these [malpractices], too. I cannot really judge that. It might be a few cases more than is normal because of the different cultures [...]. These are structures, ones influenced by certain cultural factors, which we cannot control. I do not doubt that employers act incorrectly, but you get Rumanian workers who drive back to Rumania without saying a word. There are mistakes made on both sides⁹⁷.

⁹⁵ NGG Officer 4.

⁹⁶ Employer representative.

⁹⁷ Employer representative.

Although the NGG recognizes that the employers felt a sense of betrayal, the NGG's position is that the law will actually help firms, especially those firms that were serious about the voluntary approach in the first place. It will help ensure subcontractors comply with the roadmap employers had helped initiate back in 2015.

Although the employer's side made a big scene when the law was passed – “how could you do that to us” – it was actually a storm in a teacup. They quickly got used to the law, possibly because they realized that it would have very little impact on their existing business model. The fact that they had been controlling their subcontractors already because of the [SUAB]. They are controlling these firms to ensure that they abide by German law⁹⁸.

Of course, such a position partly assumes the SUAB is more than just a simple publicity exercise – and there is evidence to support this. The number of posted workers has greatly declined and some employers have complied with the SUAB according to NGG respondents. Nevertheless, it would be shortsighted not to recognize there existed some room for improvement. Certainly, this was the position promoted by politicians, one the NGG was willing to support.

6.2. The Act Securing Employee Rights in the Meat Industry

On 17 July 2017, the government passed the Act Securing Employee Rights in the Meat Industry. Numerous respondents noted the actual law had a precursor in the construction industry. In 2007, a judgement was rendered by the Federal Constitutional Court, which found that under the current Posted Workers Directive contractors are held liable in cases where subcontractors fail to either properly reimburse employees or pay the minimum wage as collectively agreed by the social partners⁹⁹. In the case of the 2017 Meat Industry Act, the key points are as follows:

- Subcontractors are required to meet all national insurance requirements.
- The main contractor is liable for any outstanding unpaid national insurance payments. Contractors are also required to ensure subcontractors comply with their national insurance duties.

⁹⁸ NGG Officer 4.

⁹⁹ Since 1997, the construction industry social partners have repeatedly negotiated a minimum wage, an agreement that the Ministry of Employment and Social Affairs declares binding on the whole of the industry. The current minimum wage ranges between €12.20 and 15.40 per hour.

- The employer is required to provide employees with all the necessary materials, i.e., clothes and knives.
- Wages have to be calculated and paid in euros.
- Employers have to document that they comply with minimum wage, posted workers, and temporary agency laws.
- Employers have to document when the working day started and stopped, plus when an employee started working at the company.
- Failure to comply with any of these rights will result in financial penalties.

A key element of the new law concerns the fact that firms such as Tönnies and Vion are now legally held accountable for how subcontractors treat their employees. In addition, the law involves raising both contractors and subcontractors' awareness of their legal responsibilities, particularly in relation to paying the minimum wage as well as the need to properly record hours worked. As indicated above, a point reiterated in the following quote, evidence existed that the voluntary approach, one in which firms rely on external auditors, was far from failproof:

With the exception of the construction industry, it is the first law that makes the main contractor responsible for the way subcontractors behave. This is a big step forward [...]. Evidence relating to the meat industry, especially concerning subcontractors, suggests they [subcontractors] have difficulty complying with the [voluntary agreement]. Then we started to think about what we could do to address this problem, and we started to develop this law. In addition, we said that the recording of hours worked needs to be improved, and we noted that if we wanted to achieve this, any law had to apply to the subcontractors up and down the value chain. This meant also that the contractor had to be made liable for outstanding national insurance contributions, that is, the contractor is held liable for the subcontractor¹⁰⁰.

Although the NGG welcomed the passing of the new law, believing it could go some way to holding employers accountable, the employer's position, one based on a continued belief that the voluntary approach already ensured contractors and subcontractors were complying with German law, was that the act was superfluous:

Seen from our perspective the law is superfluous. The accountability concerning the minimum wage already existed [...]. What is new is the accountability concerning social insurance contributions, but which is a small part concerned with the accountability for the salary. In addition, we had virtually no cases where firms did not comply with these requirements in the past. Even now, there are no cases, or simply marginal cases, where firms do not comply with the national insurance requirements. It is all a bit of a sham [...]¹⁰¹.

¹⁰⁰ NGG Officer 4.

¹⁰¹ Employer representative.

One area where employers accept the law differs from the voluntary agreements as well as the minimum wage law, something the NGG had lobbied for, concerns the necessity to record the number of hours worked each day. As will be seen below, though, a certain degree of skepticism, especially amongst trade union respondents, prevails concerning the impact of the new law in this area.

6.3. Impact of the act

On a number of issues, a consensus appears to exist on both sides of the divide regarding the impact of the new act. Firstly, that it is too early to reach a conclusive understanding as to what extent employment conditions have improved:

These two points, the question of liability, the recording of working hours worked, have had some impact. It is difficult, though, for us to currently to know [the impact] because it is difficult to record statistically how many cases exist where NI contributions have not been paid [...]. It could be that companies are now correctly recording the number of hours worked. However, I cannot be sure about this. All I can say is that contactors are now liable¹⁰².

I think it has helped to block the possibilities to circumvent the law so that more people now are paid the minimum wage and that the employers are now far more careful about what they do. That is our [NGG] view. We do not have a real statistical understanding of the law's impact, i.e., how many cases the finance department has prosecuted and how many cases are currently being processed [...]. We will have a better understanding to what extent the law has had an impact when the minimum wage is evaluated next year¹⁰³.

Secondly, a point taken up by the last respondent, both employer and trade union interviewees seem to agree that the law has helped to increase employers' – in particular the large players, firms that originally signed up to the voluntary agreement in 2015, i.e., Tönnies, Westfleisch, Danish Crown, and Vion – commitment to ensure subcontractors abide by the law. The following respondent catches this point excellently:

I can imagine there are more irregularities in small firms than in the larger companies; large firms do not want to be in the public eye, they do not want to have a negative image¹⁰⁴.

¹⁰² NGG Officer 4.

¹⁰³ NGG Officer 3.

¹⁰⁴ VDEW representative.

Even though the employer association and the union appear to agree that the legislation has improved the working conditions of employees in the German meat industry, interviewees demonstrated a degree of caution when discussing the new law and what degree of improvement had actually occurred. A number of concerns were highlighted. One involves the problem of control. Although the new law makes the previous services provided by auditors redundant, this task now fulfilled by the administrative arms of the federal customs service and unreported work office, question marks remain about how often such checks take place and which firms are checked. Interestingly, both employer and employee representatives agreed a tendency exists to focus too much on the larger meat producers – with small to medium-sized firms often falling under the radar:

The situation in the midsize firms remains a catastrophe. That is the area we have to focus on in the future. The problems are still the same. They employ A1 people; they can virtually do anything they want because they know that the likelihood they will be controlled is low. The employment conditions are the same as they were within the big companies ten years ago [...]. They are controlled every 1,000 years [...]. They [authorities] often control large companies because there are many people there. It is easier in the case of 400, 500, or 6,000 employees to find one person who has made a mistake than it is in firms with 30 to 50 employees. The Federal Customs Service has to show that it is successful, that is, having an impact¹⁰⁵.

The Federal Customs Service tells us that they follow a risk-based approach. That is, they [authorities] know where they have to look. I cannot confirm this. They want to present high figures and so it is more interesting for them to go to sites where 500 employees are than, say, 10 employees. If they have one case, then it is worth a few euros compared to when they go to a larger firm involving three cases where the sum is higher. In the NI records you can always find a few cases because it is so complicated today [...]¹⁰⁶.

The NGG indicated, though, the focus on larger firms might not just be a concern with recording high success rates – but rather an insufficient number of work inspectors. As outlined below, poor employment conditions have helped create a resource problem:

For years, the number of civil servants whose job it is to control that everything is running to plan have been reduced. We are not in an employee-friendly republic. We are in a capital-friendly republic. Hence, the main thing is not to secure the rights of employees but to ensure that the capitalists, the firms, are not damaged or unable to work freely. We have continually reduced the size of the health-and-safety office [...]. We set up the finance office for unreported work. When the minimum wage act

¹⁰⁵ NGG Officer 4.

¹⁰⁶ VDEW representative.

was passed, we were promised that six thousand officers would be recruited; until today this has not happened. Not only that, but the Federal Customs Service office has even more work to do now with the passing of the law protecting national insurance, which the Federal Customs Service office is now responsible for, too. When Siemens cannot recruit engineers, how can the Federal Customs Service recruit new employees for the money they are offering? They cannot recruit them from Rumania [irony]. For these reasons, the number of times firms are controlled is negligible¹⁰⁷.

More money has been agreed to increase the number of Federal Customs Service employees. But since 2015 the issue of refugees has had an effect on the number of controls that have occurred – the employment of new workers is good but the training, which is very complex, takes three years. In addition, a real chance was missed in 2015. Back then, a lot more employees should have been employed. We also cannot find people with the necessary qualifications. The labour market is dead. Salaries in the public sector are too low – a tight labour market means employees can find better-paid jobs in the private sector¹⁰⁸.

Another issue relates to the interrelated problems of language and the skill profile of officers from the federal customs service and the unreported work departments. The high percentage of employees from central and eastern Europe often means a language barrier prevails. This makes the work of administrative officers and trade unions complicated. An officer who works very closely with *Faire Mobilität*, which as we have already noted explains to central and eastern European workers their rights in their native language, addresses this issue below:

I need to be able to explain to the individual employee what is laid down in the law. I do not have the ability to do this. *Faire Mobilität* does not have the capacity to do this either because of the number of people [they employ]. Consequently, the people [migrant employees] do not get to hear about the law¹⁰⁹.

Certainly, the issue of language remains an open flank, one that unions and officers responsible for checking firms abide by the new law are unable to control. In short, a transparency problem appears to prevail at two levels: the first concerns employees' knowledge of this new law. As indicated above, *Faire Mobilität*, an NGO that exists to facilitate such an awareness has limited resources. Although it does undertake actions, such as handing out leaflets outside the entrances of some of the larger meat sites, most of its contact with central and eastern European employees is haphazard. Such interaction

¹⁰⁷ NGG Officer 3.

¹⁰⁸ NGG Officer 4.

¹⁰⁹ NGG Officer 3.

usually involves workers visiting the *Faire Mobilität* offices when particular problems arise. As regards trade unions, a number of challenges were observed. In addition to language, unions often have a problem gaining access to sites, a point discussed in Section 4 of this chapter. Companies go out of their way to shield employees away from trade unions. Even when overcoming these difficulties, access and language, the latter usually achieved by members of *Faire Mobilität* accompanying union officers, another big obstacle persists. This involves with central and eastern European employees' suspicion of trade unions according to an NGG officer¹¹⁰. As previously stated, this is often the result of their bad experience of trade unions in the former Eastern Bloc states. Unions are perceived as part of the establishment. They fail to comprehend that the NGG, in contrast to some of the works councils in the meat industry, are not the extended arm of management but rather an independent voice that speaks on their behalf.

Consequently, due to a lack of transparency, union and *Faire Mobilität* respondents cannot exclude the possibility that subcontractors have not resorted to old tricks in an attempt to circumvent the new law. As outlined in the following quote, the trick in question often involves the continuing manipulation of hours worked:

Companies now use other practices like failing to pay, or as they say, forget to pay overtime, or properly record the working times. Also, when there are technical problems, a breakdown in production, employees are often sent to the canteen and they are not paid for this time or the subsequent hours they have to work to make up for the lost time, which in effect should be classified as overtime¹¹¹.

What we are recognizing, the *Faire Mobilität*, too, is that the workers are working too many hours. That the health-and-safety law of 48 hours per week is being broken¹¹².

In addition to increasing the number of sites checked, the union also proposed replacing the manual recording of working time, which they claim can be manipulated easily, with electronic devices. This would have the benefit that employees would then have a printout the hours they have worked each month. According to employers, something the NGG partly confirms below, such practices have started to take root, especially amongst the larger firms:

In the large firms, the hours are recorded electronically, even for subcontractor employees. In the meantime, subcontractors have electronic systems, even mobile systems, to record the hours¹¹³.

¹¹⁰ NGG Officer 1.

¹¹¹ NGG Officer 1.

¹¹² NGG Officer 4.

¹¹³ VDEW representative.

[We are seeing] the increased introduction of mobile apparatuses that record working time; more and more subcontractors have these [...]. Whether the supervisor can manipulate this data, I cannot say. That is one of the biggest advantages of new law, but companies, specifically the middle-size firms, are not being controlled enough¹¹⁴.

Possible loopholes that persist, as well as resource measures to oversee the implementation of the Act to Secure Better Employment Conditions in the Meat Industry, suggest the fight against illegal practices is far from perfect. Nevertheless, as the conclusion demonstrates, the law and similar actions could have laid the foundations for a new less precarious business model. Moreover, it could also help revitalize industrial relations in a branch not renowned for respecting the right of employees to have a collective voice.

7. Conclusion

Studying the German pork industry often proved a challenge. On the one hand, it was quite laborious, difficult at times, to gain access to reliable data as well as access to key protagonists¹¹⁵. On the other hand, it proved exhilarating for a number of reasons. Firstly, the meat industry per se, but the pork industry in particular, is an under-researched area in terms of industrial relations. Rather, the focus of other researchers as well as journalists has been on the working and living conditions in the industry, plus the impact of the minimum wage. Secondly, it was somewhat fortuitous that the project took place in the shadow of major changes occurring in the industry, that is, the negotiation of a minimum wage, employers' voluntary commitment to improving employment conditions within their area of responsibility, and finally key legislative changes. These include, the 2017 law discussed in detail in the last section, but also a statutory minimum wage and a tweaking of the temporary agency law. These were herculean times to undertake research. We were able to observe, often at firsthand, how the pork industry's landscape was changing – in some respects for the better.

The changes that were documented and discussed in this chapter, represent a realization, certainly from the politicians' trade union, and consumer perspective, and possibly that of certain employers, too, that the business

¹¹⁴ NGG Officer 3.

¹¹⁵ For example, various attempts to negotiate interviews, both on the phone and via email, with key works councils of major pork producers, proved futile.

model that catapulted Germany to the head of the European pork value chain was not ethically sustainable. Until recently, the story of the German meat industry represented an excessive form of social dumping – this made possible by German and European economic and labour market policies.

Furthermore, this business model, one dependent on subcontracting, poses major challenges for industrial relations practices traditionally contingent on (1) permanent workforce and (2) the ability to communicate with members and potential members. In both cases, the subcontracting model, one in which central and eastern European firms play a dominant role, meant that such preconditions did not prevail. Irrespective of the language barrier, the issue of mobility also hinders attempts to convince employees to join a union or set up a works council. This is because subcontract employees tend to either move regularly to other sites or return home. Additionally, the pervasiveness of a small and often highly qualified permanent workforce further makes organizing problematical. Not only do such workers prefer to represent their own interests, but equally they often identify with the interests of the company, even viewing the existence of subcontractor employees as a necessary means of ensuring their own employment security. Interestingly, though, such employees do not seem opposed to works councils. Leaving aside the argument that management controls certain works councils, instilling their most loyal servants, permanent employees supporting or sitting on works councils do not seem disposed to work closely together with the NGG. This clearly calls into question the dual model whereby trade unions and works councils traditionally work hand in hand – an arrangement that has proven central to postwar German industrial relations.

What of the changes, then? Undoubtedly, the last five years have seen various measures to fight the meat industry's poor image as an employer. Key players in Germany, the likes of Tönnies, Danish Crown, Vion, and Westfleisch, eventually came around to signing a collective agreement to raise salaries and commit themselves to voluntarily improving employment terms and conditions of subcontractor employees. Clearly though, the coalition was not convinced that such measures went far enough. Making the voluntary approach now a legal requirement – one in which officers of the law rather than company-appointed auditors control subcontractors – has the potential to correct old suspect employment practices. Consequently, some meat producers in Germany appear less reliant on subcontractors, preferring instead to either reintegrate previously outsourced jobs or replace subcontractors with their own newly founded subsidiaries. In addition, these changes offer a potential space with which industrial relations roots might flourish again. If the NGG can learn to communicate with semi-skilled per-

manent employees that initially possess no or little knowledge of German, then the capacity to win new members and set up works councils should not be excluded.

Clearly, we are finishing the chapter on a far more optimistic note than we actually started. Developments discussed in this chapter could even be considered measures that other European countries could follow, especially as the European Union begins to debate introducing a European minimum wage¹¹⁶. A degree of caution is advised, though. It would be short-sighted of us if we did not pose the following question: What is to stop other Member States from trying to push Germany from the top of the pork value pyramid by offering meat companies ample access to cheap labour? Current discussions relating to a minimum wage appear to represent a recognition that aspects of the European Union's economic policy have helped proliferate precarious employment policies that do not cohere with the European Union's commitment to greater cohesion. Certainly, the failure to address social dumping practices is likely to (1) result in another substantial shift, similar to one that occurred around the 2000 period, in the geography of Europe's pork value chain and (2) increase EU citizens' mistrust of the European ideal.

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¹¹⁶ As indicated in the media recently (Boffey, 2020), such a law appears controversial, Nordic countries being opposed to such a move, noting potential plans would usurp the role played by national labour market protagonists.

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*5. Structural characteristics and industrial relations in the pork value chain: the case of Italy**

By Stefania Battistelli, Piera Campanella, Davide Dazzi, Daniela Freddi

1. Introduction

In this chapter, we look at the role of industrial relations along the pork value chain in Italy, while also highlighting the main relevant structural aspects in terms of the companies' production, performance, employment, and dynamics as well as the working conditions. Although the pork value chain is highly fragmented, with a large number of small companies, it plays a key role in the EU meat market. However, under growing competitive pressure in the global marketplace, Italian pork slaughtering and processing companies have been looking for possibilities to reduce labour costs over the last thirty years, mainly by recourse to outsourcing. As a result, employment, working conditions, and industrial relations have been negatively impacted in terms of high fragmentation and workers' protection.

Given these circumstances, the chapter has the following structure: we begin by describing the critical aspects of the pork value chain, with a specific focus on economic and labour market factors relating to slaughtering and processing. Next, we provide a general overview of Italian industrial relations, including an insight into the role of social partners, collective bargaining, and workplace representation. This section is followed by a more in-depth study of industrial relations in the pork value chain, particularly in slaughtering and meat processing. Here, the main players are the union federations in the food industry and in agriculture affiliated with "traditional" unionism. However, over the last ten years union membership in this sector

* The chapter is the product of a joint endeavour between the four authors, but the sections can be attributed as follows: Sections 1, 6.1, 6.2, 6.3, 6.6 to Stefania Battistelli; Sections 6.4, 7 (7.1, 7.2, 7.3, 7.4), to Piera Campanella; Sections 4 (4.1, 4.2, 4.3, 4.4), 5 (5.1, 5.2, 5.3, 5.4), 6.5, 9 to Davide Dazzi; Sections 2 (2.1, 2.2, 2.3), 3 to Daniela Freddi.

has witnessed the growing presence of independent unions with their own organisational features and union strategies. Considering the (ab)use of outsourcing in this sector, mainly as a way to reduce labour costs, we then turn to the legal framework applied to this practice. In this context, as outlined in the following section, illegal outsourcing practices have been observed, especially as that applies to recourse to bogus cooperatives in supply chains. We then analyse health-and-safety regulations along the Italian pork value chain, characterised by a growing number of workers suffering from musculoskeletal disorders and psychosocial factors due to the intensification of work. In order to better understand illegal practices involving outsourcing, we examine a well-known case study: the Castelfrigo case. Finally, we briefly take into account measures such as collective agreements and legislation, but also public actions, designed to govern the subcontracting chain.

The data have been collected through a combination of desk and field research. The desk research is mainly based on articles from academic journals and books, sectoral studies, trade union agreements, litigations, inspection reports, and newspaper articles. The field research is based on interviews that have been crucial in building this chapter, particularly the Castelfrigo case, due to the lack of literature in this regard. The interviews involved stakeholders from interest organisations like unions and employers' organisations, as well as with a judge in the Criminal Court of Modena, the National Health Service supervisor of AUSL Modena, a National Health Service member of AUSL Vignola, the councillor of Modena for legality, members of CRPA, members of the Marco Biagi Foundation Certification Commission, and labour lawyers¹.

2. Main critical aspects of the pork value chain in Italy

2.1. Breeding

The total value of agricultural production in Italy is €2.8 billion². Pork production accounts for 5.8% of total agricultural production, slightly less than bovine meat (5.9%) but more than poultry (5.5%). The number of live-stock farms for pork production was 26,582 in 2014³, while in 2007 the number was much higher: over 100,000. Over that seven-year period, then,

¹ We are sincerely grateful to the mentioned interviewees for their valuable contributions to this research.

² Data relating to 2016.

³ Latest available data.

we saw a sharp decline in the number of farms producing pork. Also, over the ten-year period from 2007 to 2017, the number of pigs decreased, albeit much more slowly than the number of farms: from 9.2 million in 2007 to 8.5 million in 2017. As a consequence of these changes, the average number of pigs per livestock increased from 55 in 2000 to 356 in 2010, and this is mainly due to the sharp reduction in the number of livestock farms.

The decrease in the number of farms is due to at least two relevant factors: on the one hand, many small farms have been shutting down during the last twenty years; on the other, after 2000 small farms started to group into larger companies leading to a consolidation process. Despite the increase in the average size of livestock farms between 2000 and 2010, the current average size is 323 pigs, much smaller than in other EU countries (e.g., in Denmark there are over 2,000 pigs per livestock).

If we look at the characteristics of pigs, almost 60% of pigs are for fattening, about 30% are piglets (under 50 kg), and the remaining 10% are pigs for reproduction. It is important to look at the growth stage because pigs of different weights have different final markets, and Italian breeding is specialised in the production of heavy pigs, as is required for many of the typical Italian meat products (ham, *salame*, and other pork products). The large majority of Italian breeding is thus dedicated to the production of pigs weighing between 160 and 170 kg, as it is required for products carrying a Protected Designation of Origin (PDO).

The issue of the pigs' stage of growth is important not only in understanding a country's specialisation in breeding activity but also in evaluating production costs for breeding activity. Fattening pigs for a longer period, in order to reach a very heavy weight, is of course more expensive than fattening pigs that are slaughtered when they are still small. Breeding costs also depend on the type of livestock: closed-cycle livestock, where there are pigs at all stages of growth, from birth to the final weight, is proven to be more efficient, as farmers that need to buy small pigs to be fattened face higher costs. On average, production costs for pigs weighting 170 kg is €1.50 per kg in an open-cycle livestock, while it is €1.44 in a closed one. Food accounts for 45% of production costs, and small pigs bought from the breeding companies account for 37%, while labour accounts for 10% of production costs.

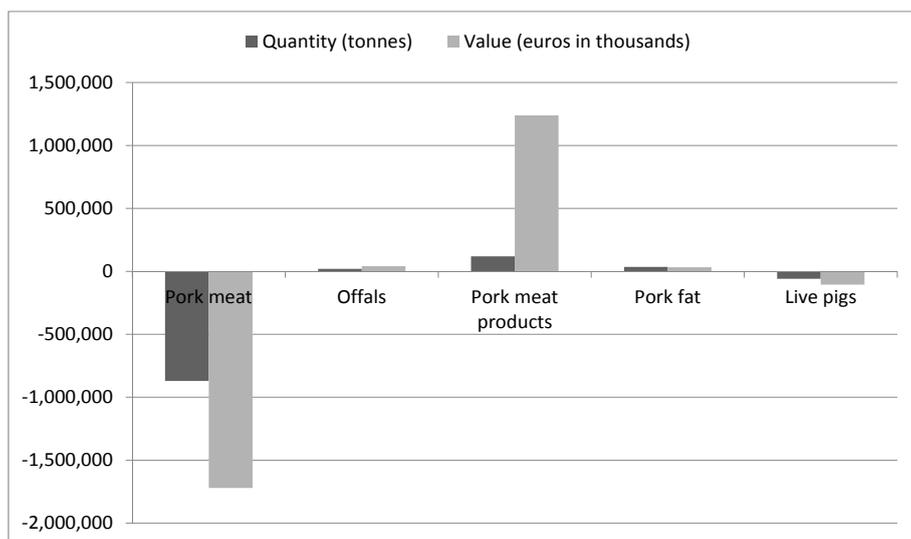
Pigs at different stages of growth have different markets and thus different prices. Pigs for breeding are much more expensive than pigs for slaughtering, and among the latter the heaviest are the most expensive. Considering that in an open-cycle livestock the average cost for a pig of 170 kg is €1.50 per kg, we see that margins for farmers are very slim; for example, only in 2016, when the price was at its highest level in the last four years, the margin

was positive by about 10 cents per kg. However, in 2014 and 2015 market prices were lower than production costs⁴.

In Italy, breeding activity is not widespread across the country. There is indeed a very strong regional specialisation: 90% of pigs are located in the northern regions, particularly in Lombardy (47%), Emilia-Romagna (17%), and Piedmont (13%).

In order to better understand Italian specialisation within the European pork value chain, considering all of the three main phases, it is interesting to look at the national balance of trade in pork and pigs. As the following graph shows very clearly, Italy imports pork, processes/renderers it, and exports final pork products. In particular, 60% of imported pork are thighs (destined for ham production), while 34% are carcasses and mixed meat. The imported pork comes mainly from Germany, Spain, Denmark, and the Netherlands. Looking at foreign sales, Italy exports its specialty products, mainly cured and cooked ham, not all carrying the PDO designation, to many EU and non-EU countries. The most important buyers of Italian pork products are Germany (3%), France (2.5%), and the UK. As we will point out in Section 2.3 (on processing), exports are becoming increasingly important.

Figure 1 – Balance of trade in pork meat and pigs



Source: ASSICA.

⁴ More recently, market prices have been rising sharply, over 40% in Italy, as a result of the African Swine Fever (ASF) in Eastern Asia (first of all China), but also in Europe (especially eastern Europe). Regarding the risks related to the meat sector due to the ASF, see “Allarme rosso: a rischio il settore delle carni e dei salumi. Cosa fare?”, <https://www.assica.it/it/ultime-dal-settore/news/192/allarme-rosso--a-rischio-il-settore-delle-carni-e-dei-salumi--cosa-fare-.php>.

2.2. Slaughtering

The number of companies specialised in slaughtering were 235 in 2017 (178 of which are industrial), and they have increased by 20% since 2007. The biggest company is Italcarni, located in Emilia-Romagna, which slaughters 800,000 pigs per year. In Italy, slaughterhouses are mainly located in the northern regions, close to the breeding areas, particularly in Lombardy. Although the slaughtering phase is labour-intensive, as many operations are still done by hand, labour costs account only for about 5% of total costs. This small percentage is due to two main factors: on the one hand, salaries in slaughtering are very low; on the other, slaughterhouses mainly buy pigs from breeders, so the greatest share of production costs is owed to the purchase of live animals. The pork value chain in Italy is highly fragmented, with a large number of small companies for all the three phases being analysed. Usually, slaughterhouses *buy* live animals from breeders and *sell* pork to their customers for the final processing phase; in Italy, the presence of large companies controlling the entire value chain is exceptional. Looking at the use of pork produced through slaughtering, 70% goes to the processing phase, and 30% to fresh or frozen meat. Considering the main types of products, 55% of processed meat is for PDO products, while the remaining 45% is for Italian products that are still specialties but carry no PDO label (e.g., cooked ham, Mortadella, or cured ham produced in Parma but with imported pork).

2.3. Processing

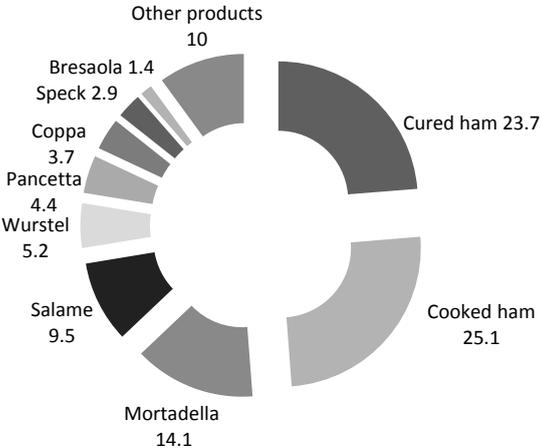
In order to better understand some key changes in Italian pork production, it is important to look at the way domestic demand has been transforming over the last seven years. Since 2010, there has been a sharp decline in domestic pork consumption, measured in terms of kilos per head. In 2010, Italians on average ate 31.9 kg of pork per head; in 2017, this quantity fell to 29.3 kg. As a consequence of this decline in consumption, production has also been decreasing, from over 1.3 million tonnes in 2010 to less than 1.2 million tonnes in 2017. For this reason, if Italy wants to remain a key producer of pork products, it needs to increase exports. This is precisely what happened in the last ten years, a period during which exports have been steadily rising from about 150,000 tonnes to 250,000 tonnes.

The following graph shows the most important Italian final pork products: 25% of total pork products are cooked ham, which is neither PDO nor PGI (Protected Geographical Indication) and can therefore be produced with

foreign pork. The second most relevant product is cured ham (24% of total pork products), mostly Parma ham and San Daniele, both PDO, which means they must be produced according to a mandatory procedural guideline. In the third place there is Mortadella, which is a PGI product, so it must be produced within a limited geographical area, but it can also use meat from outside this area, which can be from Italy or, more likely, from abroad.

These three main products are produced in two radically different ways: the production processes for cooked ham and Mortadella are highly automated, with little human labour intervention, whereas cured ham, particularly if designated as PDO, is produced by small craft companies with many operations conducted by hand in accordance with PDO guidelines. Moreover, once cured ham is produced, it does not immediately go to market, as it needs to age one to three years. Therefore, cured PDO ham is more expensive relative to other pork products, and companies that produce it face greater business risks, as they make products that will be sold one, two, or even three years later.

Figure 2 – Main pork final products (as a percentage of total quantity produced)



Source: ASSICA.

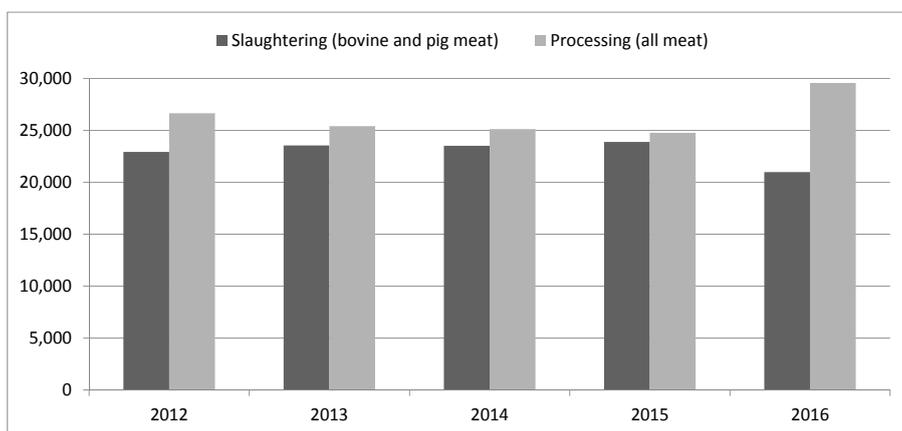
3. Characteristics of the labour market in the pork value chain

Before we can look at some data relating to the labour market in the pork value chain, we need to underline that the available data overestimate the number of workers in the pork value chain, as they also include bovine meat for the slaughtering phase and all kinds of meat for the processing phase; however, these data do not include (all) external companies that provide services in slaughtering or processing companies.

According to the available data, the total number of workers in slaughtering and processing in 2016 was 50,576, with a 3.3% increase since 2013. About 6,000 workers are in livestock activities.

The latest available data for 2016 show that the number of workers decreased in comparison with 2015, while in processing increased. This could be due to an initial vertical integration process that we can also see analysing the breeding phase, where a number of bigger processing companies control the entire value chain.

Figure 3 – Number of workers in slaughtering and processing, 2012-2016



Source: Own elaborations on ASIA-Istat.

The percentage of foreign workers in the pork value chain is very high: 29% in breeding, considering both EU and non-EU workers; 50% in slaughtering; and 25% in processing. If we compare these percentages to the share of foreign workers across all economic sectors in Italy, which is 10%, we clearly see how the pork value chain, and in particular the slaughtering phase, relies on an extremely high level of foreign workers. This picture is borne out by data on workplace injuries: in slaughtering, 50% of workplace injuries occur among foreign workers; in processing, that figure is 33%.

Finally, a less surprising piece of evidence: the vast majority of workers in the value chain are men, and this share is higher in breeding. The last two maps instead show the geographical distribution of workers at the regional level: not surprisingly, the majority of workers are concentrated in the northern part of Italy.

4. Industrial relations systems

4.1. A general overview

The Italian industrial relations system has been going through a prolonged transformation over the last decade owing to different causes. A first part of the explanation for the pressure exerted on the national industrial relations system lies in exogenous factors such as globalisation, economic downturns, and a general neoliberal convergence⁵, accelerated by the so-called New European Economic Governance (NEEG)⁶, aimed at pressing ahead with the decentralisation of collective bargaining. On the other side, the effects on industrial relations have to be looked for in more endogenous factors as well, such as the precariousness of the labour market, territorial dualism, low productivity, and an overall change in the social paradigm of labour organisation, under which the traditional scope of union representation has been shrinking⁷. Along with a common pressure for greater decentralisation of collective bargaining, industrial relations in Italy are characterized by a highly fragmented union-representation landscape on the employers' side, which partly explains the high number of industry-wide collective agreements signed at the national level⁸.

In a recent comparative analysis of the industrial relations systems carried out by Eurofound⁹, Italy ranks below the EU28 average in the synthetic Industrial Relations Index, which reflects a country's ranking under four different yet interconnected headings (dimensions): industrial democracy, industrial competitiveness, social justice, and quality of work and employment¹⁰.

⁵ Streeck, 2009; Baccaro and Howell, 2011.

⁶ Leonardi, 2016.

⁷ Baglioni, 2009.

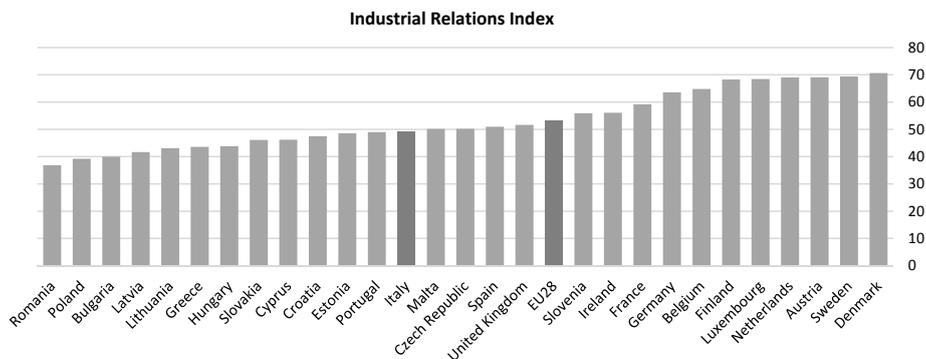
⁸ Bellardi, 2016.

⁹ Eurofound, 2018.

¹⁰ According to the Eurofound definition, industrial democracy encompasses all the participation rights that employers and employees have in the decision-making by which the employment relationship is defined. Industrial democracy depends on other enabling factors directly related to the industrial relations system. They are as follows.

- *Industrial competitiveness*, referring to the ability of an economy to achieve a consistently high rate of productivity growth and good performance among its small and medium-sized enterprises.
- *Social justice*, referring to the fair and non-discriminatory distribution of opportunities and outcomes within a society, in order to strengthen each individual's capabilities for self-determination and self-realisation.
- *Quality of work and employment*, referring to employment and working conditions that provide career and employment security, health and well-being, the ability to achieve a work-life balance, and the opportunity to develop skills over a lifetime.

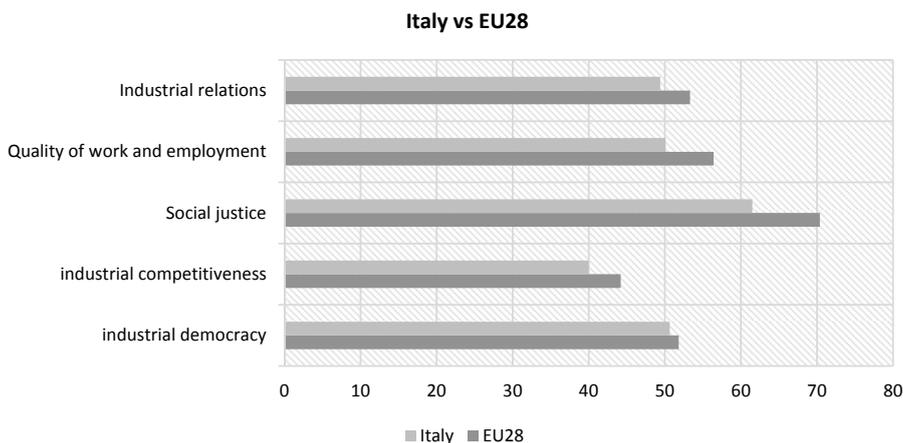
Figure 4 – Comparison between Italian and EU28 score with respect to the 4 different dimensions of the Industrial Relations Index



Source: Eurofound.

In general, the Italian score in the four different dimensions of the Eurofound Industrial Relations Index is always lower than EU28, with a more significant lag in social justice and so in all indicators referring to social inclusion, income inequality, and equality of opportunity. If we take the industrial democracy index alone, whose definition includes more direct industrial relations indicators, we can see how the Italian score is in line with the EU28 level, revealing the most critical aspects, on a comparative basis, in the *social dialogue at company level*, a sub-dimension measuring information, consultation, and representation, as well as their impact on decision-making at company level.

Figure 5 – The Industrial Relations Index



Source: Eurofound.

As far as industrial relations are concerned, Italy traditionally follows a voluntary model in which legal regulations are rare, at least in the private sector¹¹, and the autonomy of the parties involved is high: collective bargaining depends on mutual recognition by the social partners, and its contents are binding only on the signatory organizations¹².

Nevertheless, there have been efforts aimed at increasing the institutionalisation of industrial relations at the national level. The first dates back to 1970, with the introduction of the Workers' Statute (*Statuto dei Lavoratori*, Law 300/70), which provided for a set of basic individual and trade union rights and freedoms, mostly at company level, but also while enhancing the system at large, from its very foundations. The second was the Tripartite Agreement, which the social partners at the national level reached with the government in 1993. The Industrial Relations Protocol introduced a new income policy pegged to inflation, using the concertation method and new procedures for collective bargaining based on a new form of workplace representation called *Rappresentanza Sindacale Unitaria* (RSU, or Unitary Workplace Union Structure). One of the latest, and more recent, attempts at governing the industrial relations system came with the cross-sectoral agreement signed in 2014 by the social partners with the broadest national representation. Its purpose is to regulate social partners' representation introducing a method of measuring union membership, collective bargaining procedures, and, more importantly, the bindingness of national/decentralized collective agreements (TU 2014: *Testo Unico sulla Rappresentanza*)¹³. The cross-sectoral agreement represents a unitary solution after a five-year period during which the main trade union confederations disagreed over the shape of the governing industrial relations system¹⁴. In 2018 the same represen-

¹¹ In the public sector most of the industrial relations aspects are governed by law.

¹² The voluntary system of industrial relations was formed by disapplying the constitutional provisions (art. 39) concerning the registration of trade unions, the representation of collective bargaining at sectoral level, legal regulation of the right to strike, and workers' rights to participate in company decision-making. In the new democratic system that was constructed in after the Fascist era, trade unions remained reluctant to be subject to state control, and they opted for collective autonomy when it came to strikes and collective bargaining.

¹³ Under the 2014 agreement, only trade unions that reach a representation threshold of 5% – measured by tallying the percentage of union members they represent and the votes they control for electing the workplace union structure (RSU) – are entitled to participate in national collective bargaining, and company-level agreements are binding if signed by a majority of RSU members or by an RSA (*Rappresentanza Sindacale Aziendale*, or Trade Union Representative Structure) that receives a majority of proxy votes from employees.

¹⁴ In 2009, after the three main national union confederations failed to agree on a common position, two of them (CISL and UIL) decided to act without the third (CGIL) and signed a tripartite agreement on a new collective bargaining system, together with the employers' organisation and the national government and another smaller confederation (UGL).

tation and membership criteria were proposed a new and confirmed in an inter-sectoral agreement which the General Confederation of Italian Industry (Confindustria) reached with CGIL, CISL, and UIL (the so-called *Patto della Fabbrica* of 2018).

4.2. Social partners

Italy's biggest union organizations are represented by the three central union confederations: the General Italian Confederation of Labour (CGIL), historically close to the left wing and the Communist Party; the Italian Confederation of Workers' Unions (CISL), historically close to the Christian Democratic Party; and the Italian Union of Labour (UIL), with more socialist and republican leanings. Other smaller union organizations are the General Labour Union (UGL), close to the right-wing parties; the Italian Confederation of Independent Unions (CISAL); and many fragmented unions and rank-and-file committees that originated in opposition and as alternatives to the three main union confederations. The most important are USB (Base Unions), Cobas (Confederation of Base Committees), CUB (the Unitary Base Confederation) SLAI Cobas (Union of Self-Organised Workers – Cobas), and SI Cobas (Intersectoral Union – Cobas).

Employers' associations are organized on the basis of the size, industry, legal status, and political leaning of the affiliated companies. Umbrella confederations are organized in branch federations. There are more actors on the employers' side than on the unions' side, and this explains the increasing number of industry-wide collective agreements reached at the national level. Employer-organization density has been estimated at 58%¹⁵. Within a single manufacturing sector, there must be at least four national collective bargaining units: large and private companies, small and medium-sized enterprises (SMEs), the craft industry, and cooperatives. The largest employer organization is the previously mentioned Confindustria, which covers about 150,000 companies employing more than 5 million employees. SMEs and craft companies are mainly represented by three employers' organizations with different political ties (Confartigianato, Confapi, and CNA) as well as by cooperative companies (LegaCoop, Confcooperative, Agci)¹⁶. The main employers' associations in the service sectors are Confcommercio and Con-

¹⁵ Eurofound, 2013.

¹⁶ Italian Cooperative Alliance (*Alleanza delle Cooperative Italiane*) is a body that coordinates the country's three main cooperative associations with the aim of increasing their lobbying power at the national and European level.

fesercenti¹⁷, and recently Federdistribuzione as well (representing the large retail industry)¹⁸.

4.3. Collective bargaining

Since the Industrial Relations Protocol was signed in 1993, collective bargaining in the private sector has been taking place at two hierarchical levels in Italy: the industry-wide collective agreements struck at the national level by the sectoral federations of social partners and a company-level agreement or, alternatively, territorial agreements in specific sectors or industrial clusters mainly characterized by small and microenterprises, as in agriculture, construction, retail, and tourism (the so-called “second level” collective bargaining). While the industry-wide collective agreements are aimed at setting up sectoral wage floors with a view to protecting wage earners’ purchasing power against inflation, the second collective bargaining level places greater emphasis on providing a mechanism for employees to take account of specific company-level developments, such as productivity and profitability. Although the core of the system is still to be found in national sectoral bargaining, in recent years second-level bargaining has been playing a growing role under the pressure of neoliberal policies and with a view to more closely tying wage dynamics to the company or to local productivity. Since 2007, many legislative initiatives have been promoted to stimulate second-level collective bargaining through fiscal incentives geared toward extending performance-related wage increases.

As in other European countries, so in Italy at least two different approaches can be observed in the decentralisation of collective bargaining: a coordinated approach and an uncoordinated/liberal approach. A clear example of the second type of approach is Law no. 148/2011, introduced by the Berlusconi government. Its well-known art. 8 on “proximity contracts” envisages “specific agreements”, signed at company or territorial level by the most representative associations, which by derogation can carve out exceptions (with fewer protections) in all issues regulated at the higher level of bargaining and – importantly

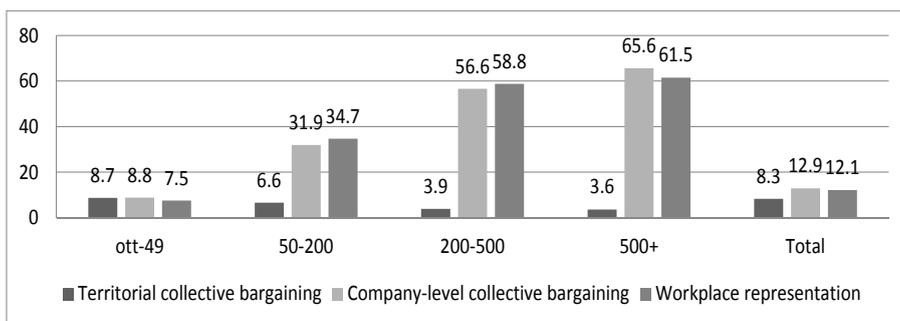
¹⁷ A network called *R.E. TE Imprese Italia* has recently been established by the five main Italian organizations that represent micro, small, and medium-sized enterprises and the local entrepreneurial landscape: *Casartigiani*, CNA, *Confartigianato Imprese*, *Confcommercio – Imprese per l’Italia*, and *Confesercenti*. The main objective of *R.E. TE Imprese Italia* is to promote the consolidation of micro, small, and medium-sized enterprises and local businesses as fundamental components of the economic system and of civil society, as well as to encourage the recognition of their role at all levels of private and institutional interaction.

¹⁸ Federdistribuzione, 2017, <https://www.federdistribuzione.it/wp-content/uploads/2017/09/Presentazione-FD-in-inglese-Sett-2017.pdf>.

– by the law. However, the extensive use of art. 8 was partly limited when, in September 2011, the main social-partner associations immediately reacted with a sort of follow-up to the framework agreement signed in June 2011. According to several surveys, derogating from company-level agreements accounts for between 5 and 12% of total company agreements¹⁹.

According to one comparative analysis²⁰, coverage of industry-wide collective agreements is about 80%²¹. The coverage percentage of “second-level” collective bargaining varies according to company size: about 69% of companies with more than 500 employees and about 17% of companies with less than 50 employees. More recent estimates indicate that a range of 30-40% of employees is covered by decentralized collective bargaining. In 2019, more than 800 industry-wide collective agreements at the national level were signed and filed with the National Council for Economics and Labour²² – highlighting a rapid increase in recent years. According to specific sources²³, about 10% of workers covered by collective agreements are paid less (about 20% less) than the minimum pay set by national collective bargaining, with peaks of 30% less in agriculture, 20% less in Horeca (Hotel, Restaurant, Catering/Cafè), small and medium-sized enterprises, southern Italy, and more often women and casual workers.

Figure 6 – Companies covered by territorial or firm-level bargaining and works council (by size and in percentage points)



Source: CNEL Istat, data 2012-2015 (Leonardi, Ambra, Ciarini, 2017).

¹⁹ Leonardi, 2018.

²⁰ Visser, 2011.

²¹ This coverage percentage refers to some international estimates, while according to national sources (CNEL-ISTAT, 2015) coverage is almost complete (99.4%).

²² CNEL, 2019. The number of collective agreements is approximate, as registration of collective agreements in the CNEL database is not compulsory.

²³ Garnero, 2017.

Along with Sweden and Denmark, Italy is the only EU Member State without a statutory minimum wage and a formal *erga omnes* extension to guarantee universal coverage of collective agreements²⁴. However, two specific factors ensure a *de facto* guarantee mechanism. Firstly, there is the broad extent (over 80%) of national industry-wide collective bargaining coverage. Secondly, the minimum wage provided for within industry-wide collective agreements is often taken as a reference point by labour courts when they are asked to evaluate whether pay is consistent with the constitutional requirement that pay must be “commensurate with the quantity and quality of their work and in any case sufficient to ensure [...] a free and dignified existence” (art. 36 of the Italian Constitution).

4.4. Workplace representation

According to art. 39 of the Italian Constitution, trade unions may be freely established without restriction or limitations. Since the 1970s the Italian industrial relations system has been classified as a single-channel representation model, as the worker representatives at the company level have always expressed “external” union organizations. Two forms of bodies representing employees coexist in Italy: the RSA (Trade Union Representative Structure at company level) and the RSU (Unitary Workplace Union Structure). Under the Workers’ Statute (1970), RSAs are appointed by union organizations and formally represent only the members of a specific trade union within a company. The RSU, introduced with the Industrial Relations Protocol in 1993, is elected by the entire workforce at the company level and represents all the workers regardless of their trade union membership. Under TU 2014, an RSU can be established only by trade unions that acknowledged and signed the different parts of the negotiation process that led to TU 2014 itself. Although the RSU is the main and more widespread workplace representation body, it is not universal, and some sectors still continue to be characterized by a high presence of RSAs as the prevalent form of work representation (multi-utilities, credit sectors, insurance). Both RSAs and RSUs enjoy participation and negotiation rights and can be set up in companies with more than 15 employees.

According to the administrative data provided by the three main trade union confederations (CGIL, CISL, and UIL) and some comparative data²⁵, trade union density is about 35% (2015)²⁶. Union density has declined in It-

²⁴ Leonardi, 2018.

²⁵ Visser, 2011.

²⁶ Union density is calculated as the number of active union members (discounting retired members) or employees (discounting independent contractors).

aly, but the downward trend has been slower and much more contained than in other European countries. It stood at 41% in 1980 and is now estimated at 33.4%²⁷ – still one of the highest rates in the world. On the basis of the data, it is possible to state that over the years Italian union membership has been declining along with growth. In almost forty years, nearly 2 million members were lost among the active workforce, just when the labour market was growing, in the private sector, by 2 million jobs²⁸. Nevertheless, in the same period, the total number of members of the three largest confederations grew from 8,819 million to 11,708 million (approximately one out of five adults in a country of 60 million inhabitants is a union member). The trend is mainly explained by the rising proportion of retirees relative to the total number of union members. Their percentage rose from 20% in 1981 to 50% in 2001, before dropping to 44% in 2016²⁹.

5. Industrial relations in the pork value chain

As far as industrial relations are concerned, this part mainly refers to manufacturing. Industrial relations in livestock breeding are less structured; so, too, information is scarce, and the area often overlaps with agriculture in general.

- The main trade unions in the sector are affiliated with the three national trade union confederations: CGIL, CISL, and UIL.
- The main agricultural employer organisations in Italy are *Confagricoltura* (*Confederazione Generale dell’Agricoltura*, or General Confederation of Agriculture), *Coldiretti* (*Confederazione Nazionale Coltivatori Diretti*, or National Farm Independent Farmers Confederation), which mainly represents small and medium-sized businesses; and CIA (*Confederazione Italiana Agricoltori*, or Italian Farmers Confederation). Also important are the confederations representing agricultural cooperatives.
- In agriculture, too, collective bargaining takes place at two levels, but with a difference by comparison with other sectors, which is that “second level” collective bargaining is carried out at the local level and not at the company level.
- Province-level collective agreements play major role in agriculture, building on the minimum standards set forth in the national sectoral agreement. On wages, province-level agreements provide for pay raises (pegged to the inflation rate) and set pay levels for agricultural employees

²⁷ Carrieri and Feltrin, 2016.

²⁸ Ibid.

²⁹ Leonardi, 2018.

(although the national agreement sets the minimum pay), plus the provincial supplementary bonus (patterned on company bonuses).

5.1. General background

For some time now industrial relations in slaughtering and meat processing have been rather weak and rare, and mainly geared toward representing direct employees (mostly Italians), while workers along the subcontracting chain (mostly migrants) have often been neglected. That unequal treatment must be set down to two main factors. The first of these is that the practice of contracting out was initially welcome by directly hired workers – or at least it did not meet with resistance from them, or even from traditional unions, whose membership is more representative of those workers – the reason being that what the lead companies more frequently outsourced were, at first, the hardest and most toilsome activities of the working process. The second is that the contractor exerted power over workers, often migrant workers, using a mechanism that alternated promises with threats. Only in 2015 or thereabouts has there been a radical change, thanks to a more widespread recourse to industrial action, such as strikes, stoppages, and workers' mobilization aimed at claiming better working conditions and drawing the attention of the media.

As will be explained in greater detail in the next section, this radical change was set in motion by the rise of new union players (independent unions) with a more conflictive approach: their entry into the sectoral industrial relations arena at the local level brought pressure to bear on the industrial federations affiliated with the most representative union confederations (the “traditional” unions), resulting in the latter shifting to a new union strategy.

As is reported in our interviews, single and individual legal actions and public blame initiatives were not unknown even before this shift, but there was no collective and organised union action. In particular, our interviews bring to light an attempt the local social partners made to seal a Protocol of Intent in the Province of Modena in 2006, when local union organisations (FLAI-CGIL, FAI-CISL, UILA-UIL) complained that the meat sector was making extensive and inappropriate use of outsourcing to cooperatives in logistics. Although trade unions explicitly emphasized the social risk of this trend, the idea of a protocol of intent was rejected by local employers' associations, as they did not at the time acknowledge the urgency of the phenomenon, and still do not acknowledge it: as reported in our interviews, according to the local employers' association, “*the house was not burning*”.

5.2. Social partners

In the slaughtering and meat processing industrial relations system, the main players are the union federations in the food industry and in agriculture affiliated with the three main union confederations at the national level and with other minor union organisations. Thus, we have:

- the Italian Federation of Agroindustry Workers (*Federazione Italiana Lavoratori dell'Agroindustria*, or FLAI-CGIL), affiliated with the General Confederation of Italian Workers (*Confederazione Generale Italiana del Lavoro*, or CGIL) and with EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions);
- the Italian Federation of Agriculture, Food, and the Environment (*Federazione Agricola Alimentare Ambientale Industriale Italiana*, or FAI-CISL), affiliated with the Italian Confederation of Workers' Trade Unions (*Confederazione Italiana Sindacati Lavoratori*, or CISL) and with EFFAT;
- the Italian Union for Food and Agricultural Workers (UILA), affiliated with the Union of Italian Workers (*Unione Italiana del Lavoro*, or UIL) and with EFFAT; and
- the UGL-Agrofood sector (*UGL-Agroalimentare*), affiliated with the General Union of Workers (*Unione Generale del Lavoro*, or UGL).

Aside from the union federations affiliated with the union confederations whose membership is most representative at the national level, over the last ten years union membership in slaughtering and meat processing has seen the growing presence of independent unions and mainly of a specific rank-and-file union called SI Cobas (*Sindacato Intercategoriale Cobas*). SI Cobas was formed by workers leaving SLAI Cobas in the mid to late-1990s, and at present it is mostly active in the logistics industry, where it is currently engaged in a fierce struggle over wages and working conditions. It is the only base union whose membership undoubtedly contains more migrant workers than Italians, and whose members, probably as a result, are on average considerably younger. According to an interview with the SI Cobas representative in Modena, migrant workers represent 90% of union membership. The intersectoral nature of SI Cobas is strategically one of the most effective organisational features in a sector with a high fragmentation of collective agreements. The “traditional” union federations are still industry-based, and this type of organizational structure entails a less reactive and more intricate process for accessing workplaces. As a matter of fact, if a company applies an industry-wide collective agreement that is not coherent with its own working activities, more than one “traditional” union federation belonging to the same union confederation is likely to be involved. This in turn may end up in a waste of time and energy and may lead to internal conflicts over the

scope of application of the industry-wide collective agreements, and even over union membership fees. Conversely, SI Cobas has a more flexible organization, and its response is much swifter.

Nevertheless, the difference between “traditional” unionism and “independent” unionism is not only limited to the organisational aspect but also includes union strategies, and more specifically conflict management. While the “traditional” unions are criticised for adopting an institutional approach, SI Cobas officials are criticised for being too conflictive. On one side, as our interviews point to, the “traditional” unions are afraid that an excessively conflict-prone union attitude may prompt two different reactions, namely:

- a negative reaction of citizens: frequent road-blocking or transit-blocking³⁰ may induce hostility among citizens, with the risk of undercutting the awareness, and solidarity, the media and social partners have so far raised about working conditions along the meat value chain;
- a misperception on the part of workers: since companies are ready to pay in order to prevent such strikes from happening, workers are induced to think that bad working conditions can be monetized by ratcheting up the level of conflict.

On the other side, independent unions are afraid that ordinary industrial-relations practices are ineffective in an economic sector in which illegal or unfair company practices are prevalent. In a recent on-the-field research on industrial-relations dynamics in slaughtering in Modena³¹, it was found that “traditional” and “independent” union strategies have actually converged in recent years in at least three respects.

- Although to different extents, both union strategies have become aware that aggressive practices have to be aimed at interrupting or hampering the free movement of goods.
- Union strategies are more likely to be effective when they involve the lead company in the subcontracting chain.
- Both union strategies have been looking to form and extend “external” coalitions among migrant workers, politicians, and national networks (SI Cobas), as well as among directly employed workers, other union federations and mass media.

In the food industry in general, the representative organisations for employers are as follows:

- the Italian Federation of the Food and Drink Industry (Federalimentare),

³⁰ A recent security decree (*decreto sicurezza*) introduced under the Conte government (Law no. 132 of December 2018) introduced some restrictions on forms of social action: road-blocking went back to being treated as a criminal offense rather than as an administrative violation: see Orlandini, 2018; on these forms of restriction see also Bellavista, 2019.

³¹ Dorigatti, 2019.

affiliated with Confindustria (*Confederazione Generale dell'Industria Italiana*, or General Confederation of Italian Industry);

- the AGCI-Agro Fish Farming Food Sector (ACGI-AGRITAL), affiliated with the General Association of Italian Cooperatives (AGCI);
- Legacoop-Agrofood, affiliated with the National League of Cooperatives (*Lega Nazionale delle Cooperative*, or LEGACOOOP);
- the National Federation of Agricultural and Agroindustrial Cooperatives (Federagri), affiliated with the Confederation of Italian Cooperatives (CONFCOOPERATIVE);
- the Italian Confederation of Small and Medium Size Food Manufacturers (Unionalimentari), affiliated with the Italian Confederation of Small and Medium Private Industry (Confapi);
- the National Confederation of Tradespersons and of Small and Medium-Sized Enterprises in the Food and Drink Sector (CNA);
- *Confartigianato-Alimentazione*;
- the Confederation of Independent Trades Unions (*Casartigiani*);
- the Confederation of Liberal Associations Italian Tradespersons (CLAAI).

In terms of coverage, the most representative employers' organisation is *Federalimentare* – an umbrella organisation which groups all the different Italian trade associations for each food and drink sector³², and which represents almost 7,000 companies throughout Italy. In the meat sector, there are two different employers' associations: Assocarni³³, whose activity is mainly focused on cattle meat, and ASSICA³⁴, which is more

³² These are AIDEPI, AIIPA, ANCIT, ANICAV, ASSALZOO, ASSICA, ASSITOL, AS-SOBIBE, *AssoBirra*, *Assocarni*, *Assolatte*, *Federvini*, *Italmopa*, *Mineracqua*, and *Unionzuc-cheri*. See the Federalimentare website at <http://www.federalimentare.it/new2016/ChiSiamo/AssociazioniAderenti.asp> (accessed Jan. 11, 2020).

³³ *Assocarni (Associazione Nazionale Industria e Commercio Carni e Bestiame)* is the national association representing the Italian meat industry and business, with a specific emphasis on the beef industry. Established in 1983, with a membership including leading Italian firms of national and international reach – including INALCA S.p.A., UNIPEG S.C.A., ILCO S.R.L., and Vercelli S.p.A. – Assocarni has come to represent and speak for over 60% of the entire Italian meat sector.

³⁴ ASSICA (*Associazione Industriali delle Carni e dei Salumi*) is the national trade association established within Confindustria to represent companies involved in the production of Italian cured meats (pork and beef), pork slaughtering, and the processing of other meat-based foodstuffs (corned beef, fats and lard, etc.). Since 1946, ASSICA has been supporting the growth of companies in this traditional segment of the Italian food business to help them cope as major players with the challenge posed by change, both in Italy and around the world. ASSICA represents and protects members in their relations with Italian, EU, and international institutions, as well as with economic, political, union, and social organisations. Therefore, membership in ASSICA provides an opportunity to participate in the framing of the strategies at the basis of the rules governing daily company management.

representative in the pork industry. As has emerged from our interviews with social partners at the national level, ASSICA represents a large number of SMEs and about ten top players at industry level whose total revenues do not exceed 300 million euros, whilst Assocarni mainly represents a unique multinational group (60-70% of the Assocarni membership).

5.3. Collective bargaining

In line with the national collective bargaining structure, slaughtering and meat processing are also subject to four different industry-wide collective agreements on the basis of type and company size:

- the food and drink industry;
- cooperatives in the food and drink sector;
- craft enterprises in the food and drink sector;
- small to medium-sized enterprises in the food and drink sector.

As can be seen in the table below (Table 1), the pay provided for within the food and drink industry is the same as it is for cooperative companies (about 10.5 euros an hour)³⁵. With regard to SMEs, too, the difference in pay is in line with industrial and cooperative companies. By contrast, for craft companies the cost-of-living allowance is already included in the base pay, reducing the minimum contractual wage (8.9 euros an hour). In the slaughtering and meat industry, as well as in all food industries, collective bargaining takes place at two levels: the industry-wide collective agreement at the national level, and the second-level collective bargaining that can be carried out at company level (mainly for industries and cooperatives) and at local level (craft enterprises, for which the second-level agreement is represented by the regional level in accordance with the cross-sectoral agreement sealed in 1992, and by SMEs).

As previously noted in the general framework on industrial relations at the national level, here there are no legislative provisions on how to measure union representation and union membership. That means that it is rather difficult to calculate the coverage of collective bargaining at the sectoral level, and even more so to evaluate which unions are more representative in terms of their membership. According to our interviews, the coverage of second-level collective bargaining in slaughtering and meat processing is about 10%, due to the high fragmentation of the industrial system. If we take into consideration the rare presence of local collective bargaining in slaughtering

³⁵ The hourly pay represents accounts for only part of the total labour cost borne by businesses, as many other payroll issues have to be considered.

and meat processing, the average coverage seems to be in line with national statistics. According to our interviews, the second-level collective agreement is quite low, and in one case, in the area of Parma, collective bargaining is conducted at the local level, precisely because of the specialized skill that goes into prosciutto di Parma, carrying the PDO label (Protected Designation of Origin). The agreement sets a higher pay, and at the local level, under the workplace-representation-structure scheme, it provides for the establishment of a coordination unit in charge of defining criteria for variable pay (the part of the salary which is tied to productivity).

The interviews reveal that “traditional” unions are more representative in the lead companies, whilst independent unions seem to be more competitive in the subcontracting chain. Nevertheless, this unbalanced union representation along the value chain has been changing over the years because traditional “unions” were able to develop more inclusive collective bargaining practices and to include indirectly employed workers as a focus of union strategy (e.g., the Castelfrigo case: Section 7), and the independent unions, and their industrial actions, have managed to become increasingly pervasive even among the lead companies.

In meat slaughtering and processing, the most representative industry-wide collective agreement is the one in the food and drink industry signed by *Federalimentari*, with a four-year duration (from December 2015 to November 2019). The industry-wide collective agreement sums up in a unique contractual framework about nineteen different sectors (including sugar, mineral water, milk, wine, and meat). While the normative part of the collective agreement provides for specific exceptions to sectoral features, the pay structure and the job-position framework are the same for all (with the single exception of the baked-goods sector). Obviously, the idea of placing nineteen different sectors in the same bucket is seen in different ways by different sides. From the union point of view, this is an attempt to cover the widest proportion of employees in a whole range of food sectors under the same contract, with a view to strengthening their bargaining power. On the other side, as emerged from an interview with the former president of ASSICA, employers’ associations would prefer to have a more flexible pay scheme tailored to each single sector in order to better reflect the sector’s specific characteristics in terms of added value and labour-cost competitiveness. On this view, the industry-wide collective agreement should be made up of two parts: a general-framework agreement binding on all workers in the food industry, coupled with sector-specific agreements.

In the subcontracting chain, other industry-wide collective agreements are applied with a view to reducing labour costs; this mainly goes for the

Table 1 – The most representative collective agreements in the food and drink sector at the national level

Signatories	Sectoral	Minimum salary (gross) Median job position: office worker and specialized worker (2018, euro)	Second-level collective bargaining	Number of employees covered across the food industry
Employer association: Federalimentare Trade unions: FAI-CISL, FLAI-CGIL, UILA-UIL <i>Signed separately between:</i> Federalimentare and UGL-Agroalimentare	Food and drink industry	Base pay per month: 1,296.66 Cost-of-living allowance (month): 522.32 Total base salary: 1,818.98 Total minimum hourly wage: 10.5 Total minimum daily wage: 70	Company level	Around 380,000-410,000
Employer associations: AGCI-Agrital; Legacoop-Agroalimentare; Fedagri-Confcooperative Trade unions: FAI-CISL, FLAI-CGIL, UILA-UIL	Cooperatives of the food and drink sector	Base pay per month: 1,296.66 Cost-of-living allowance (month): 522.32 Total base salary: 1,818.98 Total minimum hourly wage: 10.5 Total minimum daily wage: 70	Company level	Around 20,000-50,000
Employer associations: Confartigianato Alimentazione, CNA Alimentare, Casartigiani, CLAAI Trade unions: FAI-CISL, FLAI-CGIL, UILA-UIL	Craft enterprises involved in agroindustry and baking	Base pay per month: 1,548.23 Cost-of-living allowance (month): Total base salary: 1,548.23 Total minimum hourly wage: 8.9 Total minimum daily wage: 59.5	Regional level in application of the cross-sectoral agreement signed in 1992	n.a.
Employer association: Unionalimentari-Confapi Trade unions: Fai-Cisl, Flai-Cgil, Uila-Uil	Agroindustrial SMEs	Base pay per month: 1,296.65 Cost-of-living allowance (month): 521.59 Total base salary: 1,818.24 Total minimum hourly wage: 10.5 Total minimum daily wage: 69.9	Company and local level	8,000

Estimated data based on the information provided by the sector-related organisations.

Source: Eurofound, Italy: The representativeness of trade unions and employer associations in the food and drink sector, at <https://www.eurofound.europa.eu/publications/report/2013/italy-the-representativeness-of-trade-unions-and-employer-associations-in-the-food-and-drink-sector>

transport-logistics collective agreement (which at the national level advances the interests represented by different sectoral social partners) and for the so-called multiservice collective agreement (which in this case, too, advances the interests represented by different sectoral social partners)³⁶. These collective agreements feature base-pay numbers that are far below what is mandatory in the food industry, and they include job descriptions that can also be adapted to slaughtering and processing: sizable parts of the working process are thus systematically contracted out to companies that apply the lowest pay schemes. The application of different industry-wide collective agreements for the same types of working activities generates contractual dumping practices among the different union confederations and among union federations within the same confederation.

In order to contrast companies that resort to subcontracting, art. 4 of the industry-wide collective agreement in the food and drink industry provides, among other things, that companies are prohibited from contracting out their core activities (see also Section 7 on the Castelfrigo case). Unfortunately, as emerged in our interviews with both employers' associations and trade unions, this contractual provision is systematically circumvented, in that all companies in slaughtering and processing resort steadily to subcontracting practices.

5.4. Workplace representation

In slaughtering and meat processing, the two previously mentioned forms of workplace union structure, namely, the RSU and the RSA, are both in place. While RSU is a form of workplace representation more closely associated with "traditional" unions, the RSA is the only possible form for independent unions like SI Cobas, the most representative independent union in the meat sector, which has not accepted or signed the cross-sectoral agreement on union representation (TU 2014). In accordance with the Workers' Statute (art. 19), only social partners that participate in collective bargaining are entitled to establish an RSA in the workplace³⁷, and that means that independent unions should not even be entitled to union permits, along with all those representation rights that are provided by law. But if independent unions are recognized as contractual players by a company's management or owners, the *de facto* workplace representation unit is legally recognized.

³⁶ The agreement covers a wide range of services: from cleaning to sanitation, from restaurant services to transportation, from administrative services to operative services. The collective agreement has been specifically conceived to embrace an increasing number of subcontracting activities in both the public and the private sector.

³⁷ This was the holding of the Italian Constitutional Court in judgment no. 231/2013.

According to our interviews, the missing signature on the cross-sectoral agreement (TU 2014) is a crucial aspect for both “traditional” and independent unions. On one side, “independent” unions complain of a governing system that does not acknowledge minor unions and does not regulate the use of forms of social conflict. On the other side, “traditional” unions complain of an increasing fragmentation of workplace union structures exerting different kinds of pressure in terms of collective union demands.

6. Labour relations

6.1. Outsourcing: a way to reduce labour costs in slaughtering and meat processing

Although the European pork value chain is the most important subsector of the meat industry, which is the largest subsector in the European food industry, its companies are under great competitive pressure. Accordingly, a strong focus on cost reduction and a centralization of companies across Europe has been observed, and it can be explained by several factors³⁸. The growing international competition, rising farming costs and commodity prices, the big seasonal variations in product demand, changing consumer demands, and the labour shortage have all in varying degrees resulted from market forces. Faced with these challenges, the progressive market power of large-scale retailers has been driving a price-reduction policy over the years³⁹. Due to the increasingly central role of price dynamics, large-scale retailers are now able to set consumer prices, and consequently purchase prices, all along the supply chain, effectively lowering these prices, and hence the profit margins⁴⁰.

In this context, costs are claimed to be the most important parameter in the competitive situation among European pork companies. Hence, the companies are closely focused on cutting costs by taking different strategies⁴¹. Among these⁴², the hiring of workers through subcontractors in the slaughtering and packaging process has become the way the meat industry operates

³⁸ Wagner and Refslund, 2016.

³⁹ See Chapter 1 in this book.

⁴⁰ EFFAT, 2011.

⁴¹ Hamann, 2011.

⁴² European pork companies focus heavily on innovation, involving, for example, a new business strategy, product, or technology or changes in operations. This is especially true of Danish companies in the red-meat industry, including the pork sector (Hamann, 2011, 38 ff.). However, at least partially different is the Italian case: see note ...

in order to introduce greater flexibility into the production process (and in the labour force too)⁴³.

The Italian pork slaughtering and processing industry plays a key role, but under growing competitive pressure from the global marketplace, too. The main issues faced by the sector are due to stiff market competition from countries such as Germany and Denmark; the deep fragmentation of production structures; the high production costs, especially owing to the rising price of animal feed; the lack of integration between actors in the supply chain, with negative effects especially on livestock; and an excessive dependence on the foreign market in the supply of livestock and meat⁴⁴.

As a result, being unable to count on factors such as technological investment and production capacity⁴⁵, pig slaughterhouses have been looking for possibilities to reduce labour costs over the last thirty years, this through several labour reforms aimed at encouraging the outsourcing process in order to make the production phases more flexible and streamlined.

On the organisational level, these companies have enjoyed a competitive advantage in the pork market by outsourcing not just “subordinate” activities but also “core business” activities, such as meat processing, through supply chains based on labour intensity and unskilled work performed by vulnerable and mainly migrant manual labourers. At the same time, these companies have taken to contracting out to companies that perform in logistics, steadily increasing the role of this sector in terms of its impact on the economy and on industrial relations⁴⁶. Hence, a shift from the food sector to the logistics sector, including core business activities, has been observed within the pork value chain.

6.2. Outsourcing: legal practices

Theoretically, in Italy there is no need to create illegal outsourcing practices to reduce labour costs. The government itself has promoted outsourc-

⁴³ Drahokoupil, 2015.

⁴⁴ ISMEA, 2018.

⁴⁵ In Italy, a lack of technological investment has been observed: according to the Digital Economy and Society Index 2018 Report (DESI) issued by the European Commission (<https://ec.europa.eu>), Italy ranks 25th in Europe in the digital economy, with evident consequences on the different productive sectors. In addition, when it comes to the meat sector it should be considered that the pork industry, especially its processing activities, relies on manual labour rather than on automation.

⁴⁶ An academic journal has devoted a special issue entirely to this topic: Allamprese and Bonardi, 2018. See also Bologna, Curi, 2019; however, regarding working conditions in the meat sector see, in particular, Piro, 2019.

ing by adopting several measures over the years that allow some flexibility in this regard. As a result, companies have greater opportunities to legally contract work out so that they can bring greater flexibility to the production process as well as to employment relations. Thanks to an increasingly “dematerialized” notion of company or business activity, made possible by the adoption of those measures mentioned in the previous section, companies have started to outsource the most convenient activities, including labour, from their core business.

In 2003, the law in Italy introduced a new and broader concept within which to frame the transfer of a part of a business, making the use of such transfers more flexible (art. 2112(5) of the Italian Civil Code, as modified by art. 32 of Legislative Decree no. 276/2003). Under the law, the same rules that apply to the transfer of businesses apply to transfers of parts of businesses so long as, at the moment of the transfer, they are identified by both the transferor and the transferee as functionally independent divisions of an organized business activity⁴⁷. As a result, the contractual parties now have the ability to identify the part to be transferred at any time, and with complete freedom of action, by outsourcing not only parts of the production process but also the existing employment relations (or even only these relations). The risk is therefore that the transfer operation may become a way to hide a reduction in the labour force or, at any rate, a way to severely undermine employment or professional prospects⁴⁸.

In line with the legislative purpose of de-structuring and segmenting business activities, the same law set out a broad legal concept of lawful service contract (art. 29(1)). The result is a more “fluid” and “dematerialized” definition of service contracts, whose boundaries are rather blurry. Under the new provision, the contractor must (a) organize the necessary resources or have organizational and managerial control over the contract workers and (b) assume any contractual risks. Hence, the use of service contracts that entail

⁴⁷ The legal framework on the transferring of a business or part of a business is based on some important guarantees for the transferred employees. In fact, during the transfer they keep the employment relation and rights accrued over their work activity, and with the new employer they also preserve the original terms and conditions of employment provided for under the original collective agreement until it expires.

⁴⁸ However, it should also be stressed that the courts have played a role in limiting this freedom of action accorded to employers. In fact, under the case law, the transferred part of a business must maintain the same production result it was previously achieving with the transferor (Court of Cassation, judgment no. 9682 of 11 May 2016). In addition, in cases where the transfer applies to a part of a business whose value depends in large part on the workforce, by comparison to the value of its tangible assets, the independence and identity of the part of the business being transferred are valued in terms of the specific know-how held by the transferred workers (judgment no. 11247 of 31 May 2016 and no. 10243 of 18 May 2016).

labour-intensive activities is now allowed and legalised, with a small portion of equipment and capital relative to the amount of labour needed. Likewise, under the new provision, when at issue is the transfer of a part of a business, it may be now very difficult to determine whether or not the service contract is lawful, considering that service contracts based mainly on the use of labour could conceal practices of illegal labour intermediation⁴⁹.

Consistently with the regulative provisions just described, the law repealed the equal treatment principle laid down in art. 3 of Law no. 1369/60 for contracting out a company's workers and contractors, as well as any subcontractor workers, within the worksites of the contracting-out company (art. 85 of Legislative Decree no. 276/2003, the so-called Biagi Law). The repeal of that principle enables the contractor to apply any collective agreement without having to use the same collective bargaining agreement of the contracting-out company, as was stated in the equal treatment principle. From the picture just outlined, the provision is aimed at reducing costs by breaking up the production cycle and outsourcing to external suppliers, who, by not applying the same collective agreements to their own labour force, can secure labour costs lower (cheaper) than those of direct management (i.e., by applying the collective agreement for the logistics sector rather than the one for the food industry). The same prerogative is now recognised under the changes made to service contracts. By this means, when outsourced contracts are replaced with new contracts, workers no longer enjoy the rights they enjoyed under the previous contract (they do not retain the employment relations secured under the previously applied collective agreement)⁵⁰. Labour flexibility is maintained through these contract changes: these contracts are widely used in labour-intensive sectors⁵¹.

The only rights guaranteed to contract workers in terms of their employers' solvency is a joint liability scheme for salary and social security contri-

⁴⁹ It should be pointed out that in this case, too, the courts have been playing a significant role in limiting the scope of the law. The legality of labour-intensive contracts stands because of the effective managerial and organizational control the employer exercises over the contract workers. See, esp., Tribunal of Milan, 18 March 2019; Tribunal of Turin, judgment no. 1382 of 2018; Court of Cassation, judgment no. 27213 of 26 October 2018.

⁵⁰ Under art. 29(3), when outsourced contracts are replaced with new contracts, the following criteria must be met: (a) the new contractor must have a proper economic organization in place and (b) the service performed for the new contractor must include some features in virtue of which the business distinguishes itself from that of the original contractor, such that the workers no longer retain the rights they enjoyed under the previous contract.

⁵¹ In order to guarantee the employment of workers involved in activities that are subject to the possibility of a change of contract, collective bargaining has provided for so-called "social clauses", aimed at safeguarding jobs by hiring workers at risk of losing their jobs, with a direct and immediate transfer from the previous employer to the new one.

butions, under which the contracting-out company is now held jointly liable with the other contractors, as well as with any subcontractor, for salaries, social security payments, and insurance premiums payable to the contractors' or subcontractors' employees for the period during which the contract was in force (art. 29(2) of Legislative Decree no. 276/2003). Under the law, joint liability extends for a period of two years after termination of the contract. It should also be highlighted that the current law was amended a total of seven times over the years, for the purpose of weakening that scheme⁵². Today, the mentioned joint liability scheme is the only tool available for assessing the reliability of contractor companies, as well as those companies' financial solvency. However, under art. 8(2)(c) of Legislative Decree no. 138/2011, collective agreements at local and company level may exclude or limit such liability under certain conditions and for specific aims.

In this context, in light of the legislative framework just outlined, it is worth mentioning the economic advantages that companies can reap from the outsourcing process. Through subcontracting, the lead company (client) can reduce labour costs by up to 40%, considering that:

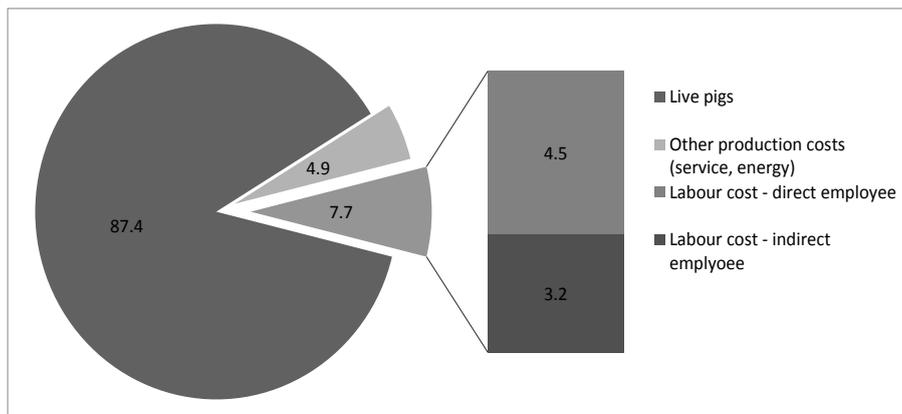
- the average cost of labour under the food industry's industry-wide collective agreement at the national level is about €22 an hour;
- under the industry-wide collective agreement in logistics (often applied in subcontracting companies) is about €16 an hour;
- the actual cost of labour applied in subcontracting companies fluctuates between €11 and €15 an hour; subcontracting companies do not cooperate to define a common cost of labour standard but rather compete, exerting a downward pressure on wages and working conditions.

The structure of production costs points out how labour costs in slaughtering have only a marginal impact above total costs (7.7%, corresponding to €21 per pig/workpiece). The bulk of the production cost is owed to the purchase of live pigs (more than 87%, corresponding to about €240 per pig in 2016). Nevertheless, if we set aside the expenditure in raw materials (live pigs), labour costs account for about 57% of slaughtering costs, 58% of which is represented by direct employees and 42% by indirect ones, and so by employees down the subcontracting chain. ISMEA and CIPRA statistics confirm the cost of labour gap between direct and indirect employees.

Subcontracting is not only aimed at avoiding the application of the industry-wide collective agreement signed by the most representative social partners but is also associated with tax evasion (Figure 9), as will be described below in connection with the role the consortium plays in the outsourcing process.

⁵² The current law on the joint liability scheme is a consequence of the abrogative referendum promoted by CGIL, calling for repeal of the changes made to the joint liability scheme introduced with the Fornero Reform (Law no. 92 of 2012).

Figure 7 – Slaughtering: production costs structure (2016)



Source: Own elaboration on ISMEA and CRPA data.

6.3. Outsourcing: illegal practices; bogus cooperatives in logistics supply chains

The fact that outsourcing stems more from an “extreme” need to bring down labour costs than from organizational and production demands – such as the need for specialised management in a part of the production process – has led to an “extremization” of contracting-out practices, that is, to practices at the limits of legality, if not beyond the limits of the law.

In different cases today, labour-intensive service contracts in the meat sector result in practices that are illegal in the first place in terms of the *contracting-out party*.

Behind the appearance of a regular service contract, it is not uncommon to find an outright unauthorized labour intermediation which is illegal because carried out by the business partners of contractors taking the work of slaughtering and meat processing companies that operate outside the cases permitted by law.

Under the so-called Treu reform (Law no. 196/1997, known as *Pacchetto Treu*), and then under the well-known Biagi Law⁵³, previously mentioned,

⁵³ Under Convention no. 181 of 1997 of the International Labour Organization (ILO) and the subsequent ILO Recommendation no. 188 of 1997, followed by the judgment the European Court of Justice rendered on 11 December 1997 in *Job Centre Coop. arl.* (ECLI:EU:C:1997:603), temporary agency work was permissible under Italian law under certain conditions. At European level, the topic was addressed by the Temporary Agency Work Directive (2008/104/EC).

the use of labour intermediation in Italy, and so the use of indirect work, was made permissible, but only under certain conditions, including the presence of an employment agency specifically authorized to outsource work (arts. 20-30 of Legislative Decree no. 276 of 2003). Among these cases, labour intermediation is criminally punishable; on the other hand, the most recent legislative interventions have weakened the penal sanctioning regime, making it so that illegal labour intermediation practices are far from discouraged⁵⁴.

In this context, workers, mainly migrants and in a particularly vulnerable situation, are formally employees of the contractor, when in reality they are subject to the directives of the contracting-out company, which organises and controls them as if they were its own workers.

The fact that the contracting-out company significantly intervenes in the management of the contract workers shows that we may be looking at an illegal intermediation rather than a service contract⁵⁵. If that claim is proved in court, the law not only punishes both the contracting-out company and the contractor, but also confers employee status on workers working for the contracting-out company.

An increase in illegal outsourcing in this sector over the years has taken place. The phenomenon has not been sufficiently contained either by the action of oversight bodies or through the tool of the certification of service contracts⁵⁶. Although certification tools have been supported by the institutions, according to our interviews, they involve a very complex procedure that currently does not yield the expected effects even when carried to completion. This is a procedure for determining whether an employment contract about to be signed complies with the provisions set forth in the law. Nevertheless, certification can only attest to the “authenticity” of the negotiation behind the contract, not to its formation or performance. Moreover, service contracts in

⁵⁴ If the temporary work is performed by an unauthorised agency, art. 18(1)(2) of Legislative Decree no. 276/2003 provides for an administrative fine (whereas, before the depenalization effected under Legislative Decree no. 8/2016, a penal fine was levied). If the temporary work is performed with the specific intent to circumvent the compulsory law or collective agreement (so-called “fraudulent labour intermediation”), art. 38-*bis* of Legislative Decree no. 81/2015, as introduced by Legislative Decree no. 87/2018, provides a penal fine starting from €20 for each irregular worker and day. In this regard see Asnaghi, 2018. The Italian national oversight body recently issued Circular no. 3 of 2019, which comments on the new law on “fraudulent labour intermediation”.

⁵⁵ In this context, it is worth mentioning a recent judgment issued by the Tribunal of Reggio-Emilia (no. 41 of 13 February 2018), holding that a service was illegal solely on the ground that workers were being recruited from an illegal temporary work agency.

⁵⁶ Among the tools the law provides for ensuring the transparency and legality of the employment contract, such as service contracts, is one tool called certification (Legislative Decree no. 276 of 2003, arts. 75-84).

some cases are really the result of an extreme deconstruction of the production process to the limits of legality, so as to be able to outsource labour and thus cut costs as much as possible. This is why some certification bodies have chosen from the outset not to certify contracts in this sector⁵⁷.

When the service contract hides an illegal labour intermediation practice, employment relations are managed with blatant violation of the more general labour laws. It is not rare that these situations, involving foreign workers in vulnerable positions, should result in labour exploitation and illegal intermediation practices, punishable as crimes under art. 603-*bis* of the Italian Criminal Code⁵⁸.

Typically, foreign workers are involved, some of them with illegal status and vulnerable to exploitation and forced labour. Under art. 603-*bis* of the Criminal Code, as modified by Law no. 199/2016, labour exploitation and illegal intermediation makes both the pseudo-employer and the real employer criminally liable. This law, based on symptomatic indicators of labour exploitation, could play a crucial role in fighting this phenomenon; unfortunately, however, according to our interviews, it has rarely been applied⁵⁹. In this context and sector, it is not uncommon for employment contracts to be marked by a lack of any social or financial responsibility towards workers; as well as reduced social security contributions; wages below the level set in national collective agreements, or at any rate too low for the quantity and quality of work performed; repeated violations of regulations on working hours, compulsory leave, and holidays; violations of workplace health-and-safety standards; degrading working conditions; and methods of surveillance or housing conditions that belong to the symptomatic indicators of labour exploitation⁶⁰.

⁵⁷ In the province of Modena there are two Commissions. However, due to the difficulties of ensuring in this sector the effectiveness of the contract during its execution one of the two committees has chosen not to certify. Despite the difficulties concerning the use of the certification, the regional institutions have encouraged the adoption of this measure, as a means of soft law policies, through a Protocol with the National Council of Labour Consultants (see Section 8).

⁵⁸ Illicit intermediation and labour exploitation are referred to as *caporalato*, after the *caporale*, or gangmaster, under whom an illegal activity is usually carried out. This is most common in the agricultural sectors in southern Italy, but it also happens throughout the country. It is a criminal act punishable for a minimum period of 1 to 6 years of imprisonment and a fine ranging from €500 to €1,000 for each recruited or employed worker (art. 603-*bis*). The punitive measures are as follows: from 1 to 6 years of imprisonment and a fine ranging from €500 to €1,000 for each recruited or employed worker, or from 5 to 8 years of imprisonment and a fine ranging from €1,000 to €2,000 for each recruited worker if the crime, that is, meaning these forms of employment or recruitment, is committed by means of violence, intimidation, or threats.

⁵⁹ Although it did happen in the agricultural sector, in which regard it is worth mentioning the judgment the Court of Assizes of Lecce issued on 13 July 2017.

⁶⁰ However, even in this context, within the framework of the law in question, it is very

6.4. Bogus cooperatives: contracting out to sham companies

To understand the illegal practices underlying outsourcing, it is necessary to reflect not only on the contract and its object but also on the characteristics of the contracted company, such as the type of company it is, its type of business organization, the productive sector involved, and its legal status.

a) The contractor company. The connection between meat and logistics companies. First of all, in the pork industry, the contracted companies often belong to the logistics sector. In Italy, the role of this sector has been growing over the years due not only to the growing importance the sector is expected to have in a globalized and outsourced market context, but also to the choice that companies make to outsource in view of the significant cost savings this enables them to achieve.

After the above-mentioned elimination of equal treatment between directly and indirectly employed workers, contractors in logistics can apply the relative national collective bargaining agreements, which provide for lower pay levels than those set in the food industry's national collective bargaining agreements⁶¹.

More in general, logistics has become the “emblematic” sector where irregular practices under labour-intensive contracts – involving arduous and low-skilled work, illegal labour intermediation, and underpaid and exploited migrant workers – have taken place. Hence, new trade unions and an aggressive workers' movement have emerged, with tragic episodes over the course of intense court disputes involving logistic companies contracting out activities in the most disparate sectors, including the meat sector⁶².

hard to prove in court that workers have been exploited by an employer and/or pseudo-employer taking advantage of those workers' state of need.

⁶¹ Moreover, it should be stressed that in the special section of the industry-wide collective agreement for logistics cooperatives, there is a provision that allows cooperatives, in their internal rules, to derogate from the regulations contained in the CCNL in question – and this derogation can well be for the worse.

⁶² Most emblematic, perhaps, is an episode that took place in Piacenza on 14 September 2016 in which an Egyptian worker with the trade union USB (*Unione Sindacale di Base*) was deliberately run over by a truck while he was on strike picketing for his rights. See <https://www.ilfattoquotidiano.it/2016/09/15/piacenza-operaio-travolto-e-ucciso-durante-un-picchetto-autista-tir-sfugge-a-linciaggio-colleggi/3034477/>. In another episode, Aldo Milani, national leader of the SI Cobas union, was suspected in 2017 of the crime of extortion against Levoni entrepreneurs, owners of the meat processing company Alcar Uno of Castelnuovo Rangone, and was subsequently acquitted for not having committed the crime. See <https://www.ilfattoquotidiano.it/2019/05/13/modena-leader-nazionale-del-sindacato-si-cobas-as-solto-dallaccusa-di-estorsione-cade-castello-di-carta/5175194/>. In regard to this latter episode, it is worth mentioning Ravidà, 2015.

b) *The legal form of the contractor company: meats, bogus cooperatives, and the SRLS (simplified limited liability company).* Contractors are predominantly set up as small or micro workers' cooperatives. A cooperative is a specific kind of company that has a "mutualistic purpose": their activities should respect the values espoused by the cooperative movement, as well as the principle of democratic control (participative management), and members have an economic stake in the business. For this reason, rules applying to cooperatives include provisions such as a *per capita* vote at assemblies, limits on the distribution of dividends, and the possibility of distributing a share of the surplus according to the amount of work undertaken by each member (the so-called "patronage dividend", referred to in Italy as *ristorno*). There are two types of workers active in cooperatives: workers who are members of the cooperative and workers who are only employees. Because of their nature, cooperatives benefit from some favourable tax regulations. Furthermore, as an expression of democratic control, if the cooperative should come under financial strain, its member assembly can lawfully cut pay and adjust employment relationships. Indeed, being set up as a cooperative comes with two advantages: fiscal and labour-cost flexibility.

With regard to the pork value chain in Italy, it is necessary to focus on the role of the cooperatives, this for two reasons: the first is the increasing importance of the share of cooperatives in slaughtering and processing; the second is the lead companies' intensive practice of subcontracting to small and micro-cooperatives with a view to reducing labour costs and with the effect of worsening working conditions. The reasons why companies contract out many activities to logistic cooperatives, including core business activities, is specifically linked to the Ministerial Decree of December 3, 1999, which in the favourable system of social security contributions outlined in Presidential Decree no. 602/1970 also included cooperatives in logistics, defined as "comprehensive (pure) activities that are preliminary and complementary to the movement of goods and products", including "matting, skinning, grooming, and slaughtering". On the one hand, this provision supports the idea that it is fully legitimate, at least theoretically, for a contract for logistics services to be extended to slaughtering activities; on the other hand, it has made the legal form of the cooperative very convenient when it comes to the social security contributions of the workers' cooperative.

Another reason that explains the benefit of setting us as a cooperative has to do with the ability to hire people as shareholders. Although the law has attempted to limit the practice of underpaying these workers, by requiring cooperatives to apply the main collective bargaining agreements, after the legislative reform enacted with Law no. 20 of 14 February 2003, priority

was given to the associative relation over the employment one⁶³. Under the law, the assembly has the power to approve a company crisis plan in which, safeguarding employment relation as far as possible, the salary is cut. More generally, it excludes shareholder workers from many typical protections of the employed worker, including those concerning dismissal⁶⁴.

According to a research carried out by Union Camere and Ervet E.R. in 2017, meat processing is one of the manufacturing sectors most affected by bogus or fake cooperatives. The practice is particularly widespread in the Modena and Ferrara areas. Moreover, according to our interviews with people on both the employer and the union, there is an evident use of fraudulent cooperatives in slaughtering as sham companies, meaning companies purposely created to disguise the real employer or for the only purpose of benefiting from labour and tax advantages⁶⁵. When the “genuine” and mutualistic nature of cooperatives falls away, different fraudulent practices are possible.

- The cooperative is in reality mainly used by the actual contractor to bypass the requirement to pay wages, social security contributions, and other social-welfare provisions related to the employment relationship.
- The members’ assembly decisions are manipulated with the only aim of limiting workers’ rights and reducing workers’ pay. As reported in the Eurofound comparative analyses on sham companies, “in some cases the statutes of bogus cooperatives were found to suspend members’ right to continue working during pregnancy”⁶⁶. According to our interviews and to some other similar research activities⁶⁷, the board of directors of those bogus cooperatives is often absent, and the “sole” president is appointed among the cooperative workers with a promise of a lump-sum payment.
- Fake cooperatives usually are not organized with the necessary means, often even lacking a physical site; and different forms are used, such as mailbox companies, brass-plate companies, shell companies, or pro forma companies.

Aside from bringing about unfair competition, bogus cooperatives are often associated with “pirate contracts”, and so with collective agreements signed by scarcely representative social partners and or even by “fake”

⁶³ It should be noted in this regard that Law no. 31 of 2008, at art. 7, provides that the overall pay for shareholder workers cannot be lower than the pay set in the collective agreements signed by the comparatively more representative trade unions.

⁶⁴ Faioli, 2010.

⁶⁵ Eurofound, 2017a; more in general, on the phenomenon of the sham company in Italy, see Gragnoli, 2018; on the low wage practices in a such context, see Greco, 2018.

⁶⁶ Eurofound, 2017a, p. 9.

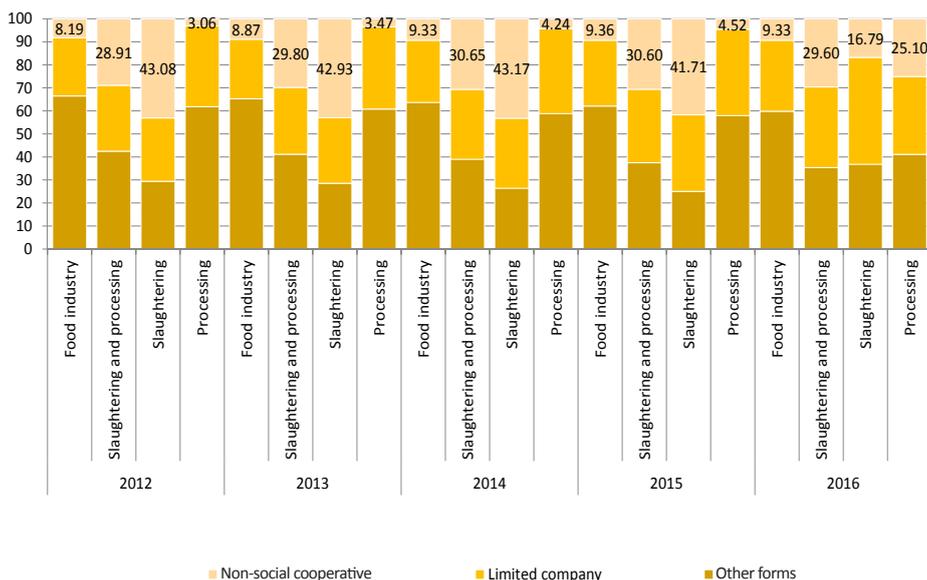
⁶⁷ Dorigatti, 2019.

unions created *ad hoc* for the purpose of signing a collective agreement that provides for less onerous conditions and employment rules than those set out by the most representative social partners.

6.5. How subcontracting has changed looking for more wage flexibility

According to the most recent data on the number of employees – the data being broken down by the company’s legal form⁶⁸ – cooperatives in the food industry employ about 9% of the total sectoral workforce at the national level, whilst in meat slaughtering and processing the figure rises to more than 30%. Nevertheless, the data for the previous year (2016) point to a sharp fall of workers’ cooperatives in slaughtering (from about 41% to 16% of the sub-sectoral workforce) and a rapid increase in meat processing (from 4% to 25%). These numbers suggest a new sectoral tendency aimed at escaping the recent spotlight and pressure that cooperatives have been put under by social partners and the media: in slaughtering there seems to be a shift in subcontracting from cooperative to “simplified” limited companies.

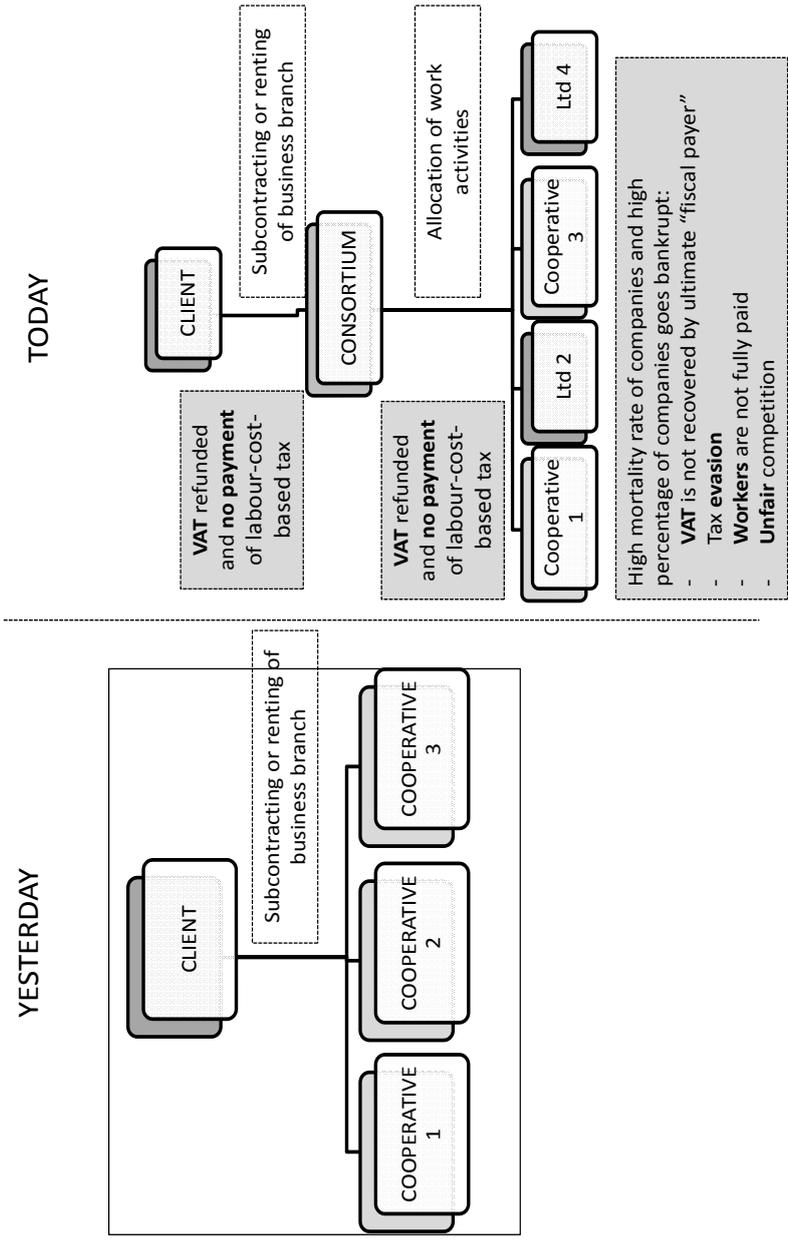
Figure 8 – Share of workers per legal form of company in food industry and meat slaughtering and processing



Source: Own elaboration on Asia data.

⁶⁸ Asia, 2016.

Figure 9 – Subcontracting model in slaughtering



Source: All information has been taken from documents published in the blog <http://www.nuovocaporalato.it/> managed by the General Secretary of FLAI-CGIL Emilia-Romagna.

Our interviews with union officials and with local stakeholders have contributed to clarifying how subcontracting works today and how subcontracting has been changing over the years under the pressure of public media and labour inspections. It is possible to distinguish two different subcontracting models that have evolved over time.

In the first model, applied some years ago, the “client” contracts out parts of the working process to bogus cooperatives or rents entire branches of the “client” company to cooperatives. However, a different subcontracting model has recently been emerging with the intermediation role of a consortium in order to increase the distance between the client and the subcontracting companies: the client contracts out some activities to a consortium that in turn entrusts the associated companies with specific working tasks (see the Castelfrigo case: Section 7). The consortium, usually made up of a few employees, coordinates and provides technical and administration services to the associated companies, set up predominantly as small or micro workers’ cooperatives, and sometimes as simplified limited liability companies (LTDs). The subcontracting companies carry out the working activities they have been entrusted with bearing all legal and organisational responsibilities relative to “third parties”. In this context, a tax evasion mechanism has been observed: while subcontracting, the lead company does not pay the regional business tax assessed on productive activities and based on the cost of labour (a tax known in Italy as IRAP, short for *Imposta Regionale sulle Attività Produttive*); along the subcontracting chain the value added tax (VAT, set at 22% of the service cost) is claimed and refunded to the lead company (client) and to the consortium, but at the end of the “chain” the state does not often cash it in, as the final fiscal “borrowers” – and so companies – go bankrupt. In conclusion, the companies open and then shut down very quickly (within about two years), making it very hard, if not impossible, to identify them. As a result of these practises, social dumping, labour exploitation, and massive VAT and IRAP evasion can be observed, along with the infiltration of organised crime.

To conclude, we have to underline that such phenomena are often associated with a wide range of rights denied in terms of full and regular payment, occupational health and safety, quality of the materials used, work contracts, regularity of social security contributions, and equal pay, given the practice of wage discrimination based on ethnicity. In fact, workers in these companies are often migrants, and migrant workers are often moved from one cooperative to another. Meanwhile, any attempt to recover a loss of income is discouraged, and in that fluid context labour inspections become more difficult.

Furthermore, part of the “regular” pay of workers in the weakest link of the subcontracting chain comes in the form of reimbursement of expenses under the label “*trasferta Italia*” (domestic travel allowance). That means that a considerable part of the salary does not figure as taxable income – a form of tax evasion – nor is it subject to social security taxes (with a cost reduction of about 30% of the gross salary). As the interviewees reported, these workers are damaged twice, as they are unlikely to receive a full pension in the future and, when the companies they work for go bankrupt, they are requested to pay the unpaid taxes to local tax agencies⁶⁹.

6.6. Occupational health and safety

The intensification of working conditions has become widespread in Europe over the last thirty years. This trend is related to new methods for organizing work, such as outsourcing and management practices aimed at making the production and employment processes in Europe’s industry more streamlined and flexible. Due to the intensification of work, a growing number of workers are now suffering from new occupational diseases, such as musculoskeletal disorders (MSDs), and from psychosocial factors at work (the most common one being work-related stress). According to several studies, these disorders account for almost 60% of work-related health problems and are the most common occupational diseases in the EU⁷⁰.

In the meat sector, and particularly in the pork sector, which is still mainly based on manual and repeated activities, these phenomena are present. Supporting evidence for this trend comes from our interviewees: in their opinion, starting in the 1990s, the intensification of working conditions in the pork industry has led to an increase in MSDs and psychosocial factors at work. Since then, a change has been observed in this sector from epidemiological analysis to ergonomic analysis, which is highly focused on the impact of workers’ exposure to factors such as the organisation of work. As stated in these analyses, MSDs and work-related stress are linked to the organisation of work and are considered to be a result of the intensification of work in the sector⁷¹.

⁶⁹ Some migrant workers have taken on a lot of debt even for being president of a cooperative without knowing it, such as in the Castelfrigo case, (see Section 7): more details are included in <https://www.radiocittadelcapo.it/archives/castelfrigo-parla-prestanome-false-cooperative-189270/>.

⁷⁰ Eurostat, 2010: <http://ec.europa.eu/eurostat/documents/3217494/5718905/KS-31-09-290-EN.PDF/88eef9f7-c229-40de-b1cd-43126bc4a946>. Eurogip, 2016: <https://www.eurogip.fr/en/>.

⁷¹ Roquelaure, 2015, 68 ff.

The reason why meat workers are exposed to a high risk of suffering from MSDs is that their work involves heavy manual lifting, repetitive tasks under time constraints and with little leeway, monotonous tasks, intense physical strain, awkward postures, and low temperatures⁷². Many of these factors are related to production pressures not counterbalanced by attention to health-and-safety conditions. Hence, according to our interviews, different breaches of the law can be observed, such as lack of reporting on workers' health or on occupational hazards, and representatives for workers' health and safety follow the company protocol rather than being concerned with the workers' needs.

Further, psychosocial factors at work are linked to the heavy mental load associated with low levels of independence, work-related stress, low social support at work, lack of decision-making autonomy, social or physical isolation, job insecurity, overwork, and underpayment.

It must also be noted that these phenomena are aggravated even further by the fact that in Italy, as in other European countries, there is a strong tendency to underreport work-related accidents and occupational diseases, this owing to several factors, such as lack of awareness, the overwhelming nature of complex administrative procedure, or a fear of losing one's job⁷³. Although there are no national sources that can prove the underreporting in the pork sector, according to our interviewees, the phenomenon is common in this industry, especially among contract workers, due to their vulnerability and to their poor working conditions – e.g., no trade unions, no strong collective bargaining, precarious employment contracts – with the result that they will be reticent to report injuries or illness for fear of being fired. Another aspect that needs to be highlighted in this connection is that these contract workers are not adequately trained or informed about the risks they face at work, considering that, as discussed in relation to cooperatives, they work in small and medium-sized enterprises that change constantly and do not devote the proper resources to adequate safety activities⁷⁴.

To conclude, it is worth mentioning that over the years some initiatives have been undertaken at the local level, seeking to tackle the lack of safety activities in the sector and to prevent the risks from materializing⁷⁵. How-

⁷² Nossent, De Groot, and Verschuren, 1995.

⁷³ Eurofound, 2017b.

⁷⁴ Fontana, 2018.

⁷⁵ With a specific focus on preventing health risks in the meat processing sector in Italy, see Veneto Region, 2016. Recently, even some territories in the Emilia-Romagna region have created an informational leaflet called *Sicurezza sul lavoro: Sicurezza Alimentare* so that migrant workers know about the food safety risks in the meat sector and about the measures that need to be taken to avoid those risks. The leaflet is available at <http://www.ausl.mo.it/dsp/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/3093>.

ever, these initiatives have not yet proved to be sufficient to improve the situation substantially.

7. A case study: the Castelfrigo case

7.1. The company, its organisation of labour, and the conditions of its workers

One of the most significant and well-known cases of illegal practices involving outsourcing in the Emilia-Romagna region is that of Castelfrigo. This case, which as of this writing remains unresolved, has received considerable media attention, and has even made its way to the courts, causing some controversy.

Emilia-Romagna is a region known for its combination of administrative efficiency, progressive politics, investment in expertise, and specialisation of production. The region's food showcases some of the very best of "Made in Italy", with its cured meat sector being one of the most significant and economically competitive (with brands such as Prosciutto di Parma and Mortadella Bologna). On paper, this seems a business model to emulate, but in reality the industry has shown certain problems and contradictions, and been at the centre of a few cases of exploitation and fraud since 2001.⁷⁶

In 2016, Castelfrigo reignited the debate on workplace conditions in such contexts. Castelfrigo, which as we will see later has now filed for bankruptcy, is one of the most renowned companies in this sector, and has its headquarters in Terre di Castelli, a district in the province of Modena with a high concentration of meat production. The firm was founded as a limited liability company in 1988, and started off as a family business on a small scale, growing over the years to become a leading company in Italy, with a presence in some European and international markets, exporting to areas such as the UK, Austria, Croatia, Romania, Africa, Japan, and Hong Kong, and on a smaller scale also to Thailand, Liberia, and the Philippines.

Castelfrigo's core business is the butchery of fresh pork to supply the cured meat industry, primarily the DOP value chain. In 2015, it processed

⁷⁶ Sometimes, these cases were linked to commercial fraud such as the falsification of DOP product labels: see the Suincom case, a company based in the province of Modena. This case ended in the discovery of a €300 million tax fraud as well as in the murder of a young man, employed by a cooperative contractor, who had discovered the commercial fraud in 2002; for most recent cases of falsification of San Daniele and Parma ham, see also the investigation known as "Prosciuttopoli", which revealed that 35% of the DOP ham produced was falsified: La Pira, 2019.

53,098 tonnes of meat, with a total value of €61,853,000; approximately 24% of the entire national production, and 22% in terms of value.

The company's production was characterised by an extreme system of subcontracting to cooperatives within a consortium. Officially, these cooperatives were asked to carry out only logistics services, but in reality their workers were often involved in core business activities such as butchery, despite the fact that the national collective agreement in the food industry prohibits the outsourcing of tasks directly related to core business (art. 4 of the 2015-19 collective agreement). Considering this level of outsourcing, the organisational structure of Castelfrigo involved a large proportion of indirect workers. Until the end of 2017, the company employed 95 direct workers, mainly Italians, only 35 of whom were involved in the production process. The rest of the workforce was made up of 127 (up to a peak of 168) indirect migrant workers, mainly from Albania, China, and Ghana. These workers were subjected to very exploitative working conditions, with long shifts of up to 12-14 hours, last-minute work-schedule changes notified by text message, and extremely high-speed production without any observance of workplace health-and-safety regulations. Management was authoritarian and discriminatory, and workers were shouted at, threatened, and given punishments such as not being allowed bathroom breaks. Workers were paid low wages on the basis of national agreements for the logistics and multi-service sectors, rather than those for the food industry, with part of their wages being paid as reimbursements for travel expenses under the label *trasferta Italia* (domestic travel allowance), in order to skirt tax and social security requirements.

7.2. The industrial conflict

The first complaints about these working conditions were made by FLAI-CGIL to the Modena Labour Inspectorate in 2005, 2006, and 2011; and in 2014 the first police inspection was carried out to investigate the tax evasion practices linked to the company's subcontracting model⁷⁷. However, industrial conflict did not fully start until 2016. In January of that year, the first strike took place, involving 200 indirect workers from the two cooperatives contracting for Castelfrigo, with 50 direct employees of the company

⁷⁷ It is worth mentioning that already on 19 March 2014, the Provincial Council of Modena drew up an agenda including specific proposals aimed at combating both illegal outsourcing and the phenomenon of fake cooperatives in a number of sectors including meat processing: on this topic see Centamore, Dazzi, 2020.

also taking part in solidarity. The employees, together with the CGIL trade union, had two demands: the first was for higher wages under the collective agreement for food industry cooperatives, rather than under the logistics and multi-service agreement; and the second was for more stable employment by negotiating the so-called “social clause”, providing that if the subcontractors should change, the workers’ employment contracts can be transferred to a new employer, so that the workers will not lose their jobs as a result of such a change.

After a conflict lasting almost a month, a company collective agreement was signed on 16 February 2016 at the Modena Prefecture between, on one side, the food industry and transport sectoral trade unions (FLAI-CGIL, FILT-CGIL) and the work councils for both the indirect workers and for Castelfrigo employees and, on the other side, the cooperatives (Ilia Coop, Work Service Coop) and their consortiums (Job Service) and the biggest employers’ association in Modena (Confindustria). This agreement came about thanks to the mediation of the Province of Modena, and appeased both the workers and their unions in regard to the aforementioned demands.

Unfortunately, the strikes were destined to resume a few months later, due to a series of retaliatory actions against union representatives and CGIL members working for the cooperatives⁷⁸, as well the fact that the cooperatives did not “fully” apply the collective agreement just signed. The workers again requested the intervention of the Prefect, but only one month later, in June 2016, Castelfrigo gave notice of its intention to partially withdraw from its contracts with the Ilia and Work Service cooperatives in January 2017.

By this point, the subcontracting system had already been exposed. According to CGIL Emilia-Romagna, Castelfrigo subcontracted part of its meat production process to Job Service Consortium⁷⁹; the consortium entrusted the processing to the Ilia and Work Service cooperatives with large savings in the cost of labour⁸⁰, and the circumvention of the tax and social security

⁷⁸ Workers complained that they were being kept under watch by private vigilantes, assigned to lower-level tasks, subjected to disciplinary action, forced to work fewer hours if they had taken part in the industrial conflict, and prohibited from attending union meetings, and even that two union representatives working for one of the cooperatives was fired. This dismissal was challenged in court and found to be unjustified: in this regard, see Tribunal of Modena, 3 February 2018.

⁷⁹ An article in the *Gazzetta di Modena*, a well-known local newspaper, reports that one of the founders of the Job Service Consortium was Ilia Miltjan (known as “il codino”), who was at the centre of an international drug-trafficking operation: Donatelli, 2017. See also Donatelli, 2018, reporting that the Antimafia Commission became involved in the Castelfrigo case when suspicions arose that gangmasters had infiltrated the subcontracting system.

⁸⁰ Due to the social dumping effected by applying the logistics and multiservice collective agreement rather than the agreement for agro-industry cooperatives, indirect workers were

system. In these circumstances, tax obligations were passed down the subcontracting chain until they fell on the cooperatives, which had no financial stability and were destined to fold before the state could ever receive any payments. A somewhat similar deflection of responsibility was used to evade social security payments.

In October 2016, Castelfrigo met with all its workers, including those working indirectly through the cooperatives, and invited them to end the conflict internally, moving forward without involving the unions – especially a certain union, with implicit reference to CGIL – and encouraging them to choose another, “better” union. In the same period, in retaliation against the strikes, Castelfrigo also organised a lockout in order to prevent workers from entering the workplace.

Nevertheless, the year 2016 ended with a steep decline in membership of direct Castelfrigo workers with CGIL.⁸¹ By this point, the division between the direct and indirect workers at the company was already clear. The direct workers – frightened by such a fierce conflict and its possible negative effects on the company and the employment – were ready to abandon the more conflictual union, and supported the company management line, with many deciding to transfer allegiance to the FAI-CISL sectoral union.

In 2017, as a consequence of the partial closure of their service contracts with Castelfrigo, the two cooperatives opened a consultation with the unions, as required by Italian law, for the collective dismissal of a large number of their employees involved in the Castelfrigo subcontracting chain. This consultation failed to reach any agreement, as the cooperatives did not accept the unions’ proposals of remodulation of working hours, the application of social safety nets, and incentives for voluntary resignation. Subsequently, the workers, having received notice of their imminent dismissal, went on strike again, and after fifteen days they also wrote to their respective embassies (Albania, China, Ghana), asking for help and expressing their willingness to meet and discuss the situation.

The final collapse of the Castelfrigo system then came with an inspection of the Ilia Cooperative by the Ministry for Economic Development in November 2017, which led to a provision for the dissolution of the cooperative. Due to this chain of events, worries grew about the economic situation of Castelfrigo, and the Job Service Consortium terminated its contract with the company and started the procedure for collective dismissal of all the workers

paid only €14 an hour, while direct employees earned around €22-25 an hour: see FLAI-CGIL, 2018.

⁸¹ Of all the direct workers at Castelfrigo (a very small number), 37 were CGIL members at the end of 2015, whereas only 10 remained at the end of 2016.

of the two cooperatives (a total of 127 workers-shareholders). After negotiations with the trade unions regarding this dismissal failed, the workers involved went on strike again, and after two months of conflict, they escalated the protest to a hunger strike.

In order to put an end to the dramatic situation, an agreement was signed on the 29 December 2017 between the Emilia-Romagna Region, Confindustria Emilia-Romagna, and CGIL, CISL, UIL Emilia-Romagna, which saved the workers' jobs with the involvement of local job centres, and created a task force to focus on the system of subcontracting to bogus cooperatives.

Immediately afterwards, however, CGIL reported the discovery that Castelfrigo had already secretly come to an agreement with FAI-CISL on November 22 to save the jobs of only those indirect workers who had continued to work despite the period of industrial conflict. The contents of this agreement were implemented in a new agreement, this time public, on December 27, revealing the existence of the secret "pre-agreement" struck earlier in November. This final agreement between Castelfrigo and FAI-CISL protected only the workers who were present in the workplace at the time of the agreement and who instructed FAI-CISL to support them with an outplacement programme with the Sapiens Employment Agency in Mantua, which would then send them back to work at Castelfrigo for another six months. There were only 52 workers in this group, out of a total of 127 employees of the cooperatives, leaving the remaining 75 indirect workers unemployed.

On hearing about this, the workers organised a picket and a blockade, demanding the application of the agreement signed with the Region on December 29. After four days of conflict, the regional government intervened, pushing the company to consent to the workers' demand and leading to the removal of the blockade.⁸² However, this situation broke the workers' united front, with heavy criticism directed at CGIL by one group who wanted to continue the fight. They claimed that true justice would require being recognised and hired as direct employees of Castelfrigo in light of its illegal subcontracting to the bogus cooperatives⁸³. From that moment on, the fight stopped and these events turned into the case law.

⁸² See, in particular, "Castelfrigo, l'azienda fa un passo indietro", *Rassegna sindacale*, 9 Feb. 2018, <https://www.rassegna.it/articoli/castelfrigo-lazienda-fa-un-passo-indietro> (accessed 28 Jan. 2020).

⁸³ This fact was not mentioned in newspaper articles reporting the events, but was provided by the lawyers defending the workers in court, in an interview held as part of our research.

7.3. *The case law*

After the controversy, at the end of this long conflict, two legal cases were initiated. The first of these was the consequence of the separate agreement signed between Castelfrigo and FAI-CISL,⁸⁴ which for the first time gave rise to a considerable rift between the territory's trade unions, FLAI-CGIL, and FAI-CISL, ending up in court. The second case regarded the effect the questionable system of subcontracting between Castelfrigo and the consortium of cooperatives had on the indirect workers' conditions and employment relationships.

a) *The collective action.* The first case led to an action against Castelfrigo for antiunion practices, in accordance with art. 28 of the Workers' Statute, which allows unions to seek legal remedies in court in response to violations of their freedom of association and trade union activity and the right to strike. In particular, FLAI-CGIL Modena, together with FILT-CGIL Modena, claimed that Castelfrigo had violated art. 4 of the national collective agreement for the food industry, which bans subcontracting for meat processing activities. They also alleged that the company had undermined CGIL's position in the assembly it held with both direct and indirect workers, inviting them to end the conflict without the involvement of trade unions, or at least to choose a "better" union. In the opinion of the unions, this episode was also a violation of art. 15 of the Workers' Statute, which prohibits discrimination between trade unions, as well as a violation of art. 17 of the same Statute, which bans the support of "yellow unions." This last element can be understood as the symptom of a serious breakdown in trust at the local level between the leading trade union confederations, casting aspersions on the legitimacy of FAI-CISL, which in fact intervened in the trial in order to defend its position. Indeed, it was unheard of that the most important Italian trade unions should engage in a dispute so acrimonious that one would accuse the other of being a "yellow union."

In a very interesting ruling – interesting as well from the point of view of the legal implications that outsourcing has on the passive legitimisation of art. 28 of the Workers' Statute⁸⁵ – the Tribunal of Modena excluded the

⁸⁴ In reality, during the trial, FAI-CISL defended the agreements made with Castelfrigo, maintaining that they were signed directly by Castelfrigo's Unitary Workplace Union Structure (RSU), which was already making up a majority of the workers affiliated with CISL, even before the assembly held between the employer and the workers.

⁸⁵ In fact, regarding many of the complaints brought by CGIL, the ruling denies the passive legitimisation of Castelfrigo: it does so based on company's specific position within the subcontracting system, which according to the judge would under the circumstances exclude it from being qualified as an "employer" pursuant to art. 28 of the Workers' Statute.

violation of the aforementioned art. 4 CCNL, as the activities carried out by subcontracted workers in this case did not fall within the scope of the definition of meat processing. The court did, however, accept that antiunion practices had taken place regarding the assembly held by Castelfrigo,⁸⁶ though it did not accept that FAI-CISL was a “yellow union,”⁸⁷ and held that the lasting material effects of such practices were neither evident, nor current⁸⁸, therefore rejecting the claim.

b) The individual action. The second case was triggered by the dismissal of the workers hired as shareholders by the cooperatives. After their dismissal, these workers filed an action against Castelfrigo alleging that there had been a labour intermediation practice in violation of the law, and demanding that they be hired as direct employees of the company. In addition, some of the workers also requested severance pay.

The trial started in 2018 but has been proceeding very slowly, and has now been further complicated by a new problem: Castelfrigo’s declaration of bankruptcy in September 2019, which has led to the company being put under the control of an insolvency administrator. The first auction for the sale of Castelfrigo, in November 2019, did not find a buyer, probably due to the judicial actions still pending against the company involving the seventy dismissed workers⁸⁹.

In the meantime, Castelfrigo was inspected by the Guardia di Finanza (Customs Police) in the summer of 2019, who found illegal labour intermediation and tax fraud for a total of €4 million. There is also news of an ongoing investigation of the company, involving its practice of “caporalato” and exploitation of the workforce (art. 603-*bis* of the Italian Criminal Code).

⁸⁶ According to the opinion of the judge, Castelfrigo had engaged in antiunion practice by seeking to diminish the role of the unions, discredit their representation, and refuse to recognise their role or function, and also by directing the workers to choose one union rather than another.

⁸⁷ In particular, according to the judge, there was no evidence that FAI-CISL subjected itself to the will of the employer, even if the employer invited the workers to choose one union over the other.

⁸⁸ It was shown that the workers who transferred their affiliation from FLAI-CGIL to FAI-CISL did so before the assembly; and, furthermore, the judge found that the charge that on many occasions Castelfrigo had asked its workers to transfer from CGIL to CISL was too generic.

⁸⁹ The auction failed despite the fact that the administrator, as a precaution, had dismissed the seventy workers, who had already been dismissed by the cooperatives, with the aim of reassuring possible buyers about the pending actions regarding employment relationships: see Donatelli, 2019.

7.4. The after-effects of Castelfrigo

The Castelfrigo case has unfolded through a dramatic sequence of events, entailing a high cost for the workers, as well as for the main unions involved⁹⁰. This is especially the case for CGIL, which has shown much courage and determination throughout, but lost the membership of some direct workers as well as of some indirect workers at the end of the struggle, found itself in conflict with one of the other two union confederations at a local level, and been blamed for the failure of the company, causing the subsequent loss of jobs of its workers. However, the Castelfrigo case has also been an opportunity for experimentation, with the union throwing itself into battle using radical forms of industrial action, such as blockades, pickets, and hunger strikes. It has highlighted the need for reflection, opening up the debate on new industrial relations practices capable of restructuring the division between direct and indirect workers, and helping to protect workers' rights (see "Progetto carni" in the next section).

More than anything else, the fight has served the important social role of exposing a corrupt, exploitative business system that was dangerous to the community and has raised social awareness about public actors. Thanks to such recognition and awareness, various new initiatives have been undertaken by institutions looking to control the situation, as we saw with the Prefecture and the Province taking action to mediate between companies and trade unions (see the aforementioned company agreement signed on 16 February 2016 at the Modena Prefecture thanks to the mediation of the Province of Modena, and appeased both the workers and their unions in regard to the aforementioned demands), as well as with the enactment of specific laws at national and regional level (see the Financial Law for the year 2018, containing a series of provisions aimed at fighting bogus cooperatives, as well as Emilia-Romagna Law no. 18 of 28 October 2016, regarding the promotion of legality), the establishment of a permanent dialogue to discuss the problems of the meat industry (see "Tavolo carni"), the signing of tripartite agreements (see the above-mentioned agreement signed on 29 Dec. 2019 with the Emilia-Romagna Region, Castelfrigo, and the trade unions), and the institution of special commissions at regional level (see the Special Regional Research and Study Commission on Bogus Cooperatives). Many of these initiatives will be described in greater detail in the following section. Although such new provisions are unfortunately not as effective as hoped for, and fall well short of resolving the situation, they are a step in the right direction and therefore worth considering.

⁹⁰ For some reflections on the Castelfrigo case, see Franciosi, 2018.

8. The most recent attempts of governing the subcontracting chain

Indeed, in recent years, many initiatives have been undertaken with a view to counteracting the negative impact of an unconstrained reliance on subcontracting and to developing more inclusive union strategies. At least two-thirds of the initiatives are concerned with industrial relations practices aimed at designing new forms of union representation, internal union organisation, and cooperation among union federations. The main industrial relations initiatives are as follows.

- *Progetto Carni* (Meat Project), of FLAI-CGIL and CGIL *Emilia-Romagna*, whose main objective is to develop steering committees at the site or local level made up of workers' representatives and union officials in order to provide a single workplace union structure as a reference point for direct and indirect employees working at the same production site or local area. On the example is that of the industrial relations practices put into place in the Castelfrigo case under the coordination of the CGIL regional confederation: the project is aimed at establishing a permanent union representation base in the Modena meat district,⁹¹ designing a common framework within which the main union federations in the sector (the food and logistics union federations) can advance trade union demands. While the Meat Project is limited to the province of Modena – according to the interviews with union representatives, Modena is perceived as a testing ground in which to try out subcontracting strategies to be exported at the national level – the next experience will be national in its scope.
- An inter-federation protocol has been launched that joins the three main CGIL union federations involved in the meat industries – FLAI (food), Filcams (services), and FILT (logistics and transportation) – with the aim of promoting synergic activities and facilitating union cooperation. This internal protocol provides for the establishment of different coordination units (at the national and local levels) with the task of promoting the election of common workplace union structures along the value chain and defining a common framework for union demands. The protocol certainly marks a step forward towards a more cooperative approach among union federations; in the assessment of some union representatives, however, it will be difficult to implement the protocol as long as each union federation is organised, and financed, on the basis of the union fees it collects⁹².

⁹¹ The Modena meat district has about 5,000 employees, about 30% of whom work at subcontracting companies yielding a yearly total of about €3 billion in revenues.

⁹² See also the inter-federation protocol signed on 6 February 2020 by Rovagnati, a meat company in Lombardy; the subcontracting cooperatives; and CGIL, CISL, and UIL: it is aimed at promoting collective bargaining at the worksite level. On the issue see Zoppo, 2020.

The radical shift affecting sectoral industrial relations has also prompted welcome legal developments in regard to subcontracting, while also exerting a positive influence on the institutional attitude in that same regard. For an example of how the institutional climate has changed in the meat sector, with a greater awareness of the social urgencies in that sector, we can look to the regional law of Emilia-Romagna Region no. 18 of 28 October 2016, regarding the promotion of legality and the advancement of responsible citizenship and responsible business practices. In order to fight corruption and prevent organized crime from moving into the production system, and to suppress all the enabling factors favouring that outcome, the regional law provides for the establishment of a coordination body (*consulta regionale*), in which the most representative social partners are invited to participate, as well as a regional Observatory on Work Contracts, Services, and Supply; it also promotes all initiatives and agreements aimed at favouring regular working conditions along the subcontracting chain, and it introduces “social clauses” aimed at maintaining a good employment level. In compliance with the regional law, Emilia-Romagna Region has recently undertaken an initiative more closely related to subcontracting in the meat sector.

It consists of a protocol of intent signed by Emilia-Romagna Region, the Ministry of Labour, and the Ministry of Economic Development in the area of “subcontracting and legality”. The protocol is one of the first public documents in which the public actor acknowledges how far the abuse of subcontracting through cooperatives has gone, and it sets up a coordinating body entrusted with promoting the application of a corporate social responsibility (CSR) code. Under this protocol, the Emilia-Romagna region in-house agency ERVET has developed a system for monitoring bogus cooperatives, as well as an “algorithm” capable of identifying potential sham companies. The regional monitoring system highlighted that the bogus cooperative is more likely to be used by companies that are not members of cooperative associations. In addition to being a tool supporting labour inspectors at the local level, this new approach offers a positive example of how research activities can support policymaking.

Moreover, a special Research and Study Commission on bogus cooperatives has been established.⁹³ One of the most innovative aspects related to this commission concerns the introduction of a system for monitoring bogus cooperatives, as well as an “algorithm” capable of identifying potential sham companies.

Finally, Emilia-Romagna region has signed a protocol with the National Council of Labour Consultants aimed at encouraging the use of certification as a means to ensure contracts’ lawfulness⁹⁴.

⁹³ The commission was established by the Legislative Assembly of Emilia-Romagna region by way of Resolution no. 133 of 21 December 2017; see its final report in file:///C:/Users/utente/Downloads/Coop-spurie_Relazione-finale-2-79_compressed.pdf.

⁹⁴ The protocol was signed on 14 February, 2019.

9. Final remarks and comments

As concerns union action, the divergences between independent unions and “traditional” unions seem to be more formal than substantive. It is true that these divergences reflect different union attitudes stemming from a diverse political and organisational union culture, but the actions of both are geared toward applying the industry-wide collective agreements signed by the union federations affiliated with the most representative union confederations. Both union actions, to different extents, are based on the development of a wide coalition at the local, regional, and national levels. Both union actions are attempting to bring the lead company on board to the idea that “subcontracting companies change rapidly, but the client company will remain the same”. The main differences arise with regard to collective bargaining. If it is true that the role of independent unions is crucial to reviving industrial relations at the sectoral level, and the collective bargaining carried forward by “traditional” unions is more closely focused on representing directly employed workers, it is also true that these “traditional” unions have recently moved towards a more inclusive approach, with the purpose of representing both directly and indirectly employed workers. On the other hand, the collective bargaining of independent unions, when possible, still seems stuck in a logic of demands exclusively focused on the interests of their own members.

Given the cost-of-production structure, if slaughtering-related costs are to be cut, this is likely to happen by acting on the cost of raw materials, and so on the price of live pigs (87% of the total cost), rather than by competing on labour costs, whose impact accounts for only 7.7%. In this regard, collective bargaining should attempt to favour a process aimed at integrating the value chain and facilitating business strategies by which to reduce the cost of raw materials and steer away from business strategies based exclusively on cutting labour costs. In this regard, the SI Cobas representative expressed in an interview his interest in second-level collective bargaining at the local (district) level. This idea is staunchly resisted by the representative of the employers’ association because of the risk of introducing a further collective-bargaining level and enhancing a geographical fragmentation of pay schemes. The FLAI-CGIL regional secretary in *Emilia-Romagna* is not *a priori* against a district-level collective agreement, but if he reflects on his several attempts in the Modena meat district, he feels sceptical about the likelihood of the proposal being successful, as the local stakeholders (first among them public actors and employers’ association) pretend not to see how far the subcontracting model has gone, and micro-companies along the value chain prefer to constantly compete on labour costs rather than cooperate and network.

Our interviews show that a point on which social partners generally agree is the idea of progressively insourcing all the subcontracted activities (and this has indeed been a recent trend). The industry-wide collective agreement signed in 2015 includes a Social Responsibility Protocol in the meat sector in which social partners committed themselves to considering the possibility of insourcing activities regarding logistics, sanitization, and cleaning. According to the protocol, the insourcing process should take account of the differences that exist in terms of the economic and regulatory issues addressed in the different collective agreements currently being applied. That means that whatever common collective bargaining framework is implemented by the social partners should not have a relevant impact on the labour cost structure. There are different perspectives in this regard. On one side, a substantial part of trade unions are willing to include the external aspects (logistics, sanitization, and cleaning) within the national collective agreement for the food sector, with the aim of extending union representation along the entire value chain or to the greater part of it, growing their negotiating power, and claiming higher wages for all. On the other side, in the companies' view, and specifically for the biggest company in bovine meat production, the insourcing process should be implemented by applying different industry-wide agreements within the same company, each with its own labour cost structure.

A final comment concerns the balance between legislative provisions and collective bargaining in fighting the abuse of subcontracting. As we have seen in the case study, the national collective agreement in the food industry already contains a specific provision (art. 4 of the 2015-19 collective agreement) that formally removes the “core” working processes from subcontracting. The provision is systematically disappplied by the majority of the companies in the meat sector, and yet, according to some of the union members and officials we interviewed, this is the only ambition that a collective bargaining should have. All the other actions should be taken by the legislature, especially when it comes to reinstating the equal treatment rule between the lead company and a subcontracting company, and by labour inspectors, tasked with verifying that subcontracting is real and not only a labour cost strategy. In this regard, according to the interviews, the legislative provisions are schizophrenic – sometimes protecting workers (by attempting to take down the so-called “gangmaster” system, as happened in 2016), but more often facilitating the abuse of subcontracting (eliminating the equal treatment between directly and indirectly employed workers, as happened in 2003) – and all public efforts will be perceived with a bit of scepticism until all public stakeholders acknowledge that the point of no return has already been crossed.

More in general, in an effort to buck the trend that sees an increasing number of working poor and “pirate collective agreements”, social partners and political actors have been engaged in an intense debate over the last five years on the issue of the minimum wage⁹⁵. As mentioned, Italy (along with Denmark, Austria, Sweden, and Finland) is one of the few countries in the European Union without a legal minimum wage. Even so, the wide coverage of collective bargaining is such that Italy can be said to have a contractual minimum wage, considering that labour courts generally look to the pay scales provided for within the industry-wide collective agreement as a benchmark against which to assess compliance with the constitutional principle of commensurate pay, under which “workers have the right to a remuneration commensurate to the quantity and quality of their work” (art. 36). With a Kaitz index of 80%⁹⁶, Italy is among the highest-ranked countries in this respect, and so it can be argued that the real concern with wages is much more related to wage level than a minimum wage. According to statistics, Italy has a high rate of employees not covered by collective agreement (11.7%, as against 9.6% in the EU), and the idea behind the introduction of a minimum wage is actually to provide a more enforceable protection instrument for those workers who are most vulnerable (mostly migrant and cultural workers, and mainly in agriculture, restaurant services, and logistics). On the other hand, while it is true that there is no natural trade-off between minimum wage and collective bargaining performance, it is evident that the trend is for the minimum wage to become enforceable as law when collective bargaining retreats. Furthermore, all the fraudulent practices in slaughtering are unlikely to disappear because of a wage floor set by law: as they have been expressly designed to elude the law, they are likely to come back under new guises.

In this regard, the most worrisome threat to the industrial relations system lies in the spread of “pirate” collective agreements – a misleading use of collective bargaining aimed at social dumping – and the rapid growth of industry-wide collective agreements at the national level. The National Council for Economics and Labour (CNEL), through its observatory on collective bargaining, has built an archive that lists 396 industry-wide collective agreements in 2008, of which fewer than 300 were endorsed by the large and most representative union confederations. At the end of 2016 the

⁹⁵ In the last years, two different Labour Market Reforms (during the Renzi’s Government and Conte’s Government) have been proposing the introduction of minimum wage by law in those working area not covered by collective agreement.

⁹⁶ Leonardi, Ambra, Ciarini, 2017. The Kaitz index is an economic indicator represented by the ratio of the nominal minimum wage (in the Italian case *nominal* means both legal and contractual) to median wage.

number of collective agreements rose to more than 800⁹⁷, only 225 of which were signed by the sectoral federations affiliated with the three main confederations. Some of them are listed as “copy-paste” (boilerplate) agreements, but most of them were specifically designed to drive down costs and labour standards⁹⁸. It is clear that the greater the fragmentation in the contractual landscape, the deeper the uncertainty of the rules. In addition to the sectoral fragmentation, the rapid growth is mainly due to the entrance of new social partners interested in accessing financial resources set aside for the signatory parties of collective agreements at the national level.

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⁹⁷ Olini, 2016, Centamore, 2018; on this subject see also Greco, 2017.

⁹⁸ Leonardi, Ambra, Ciarini, 2017.

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6. Structural characteristics and industrial relations in the pork value chain: the case of Poland

By *Izabela Buchowicz, Izabela Florczak, Hanna Kinowska, Marta Otto, Lukasz Sienkiewicz*

1. Introduction

The labour market in Poland struggles with serious problems such as precarisation of work (to a large extent connected with the foreign workforce) or a high rate of nonlabour law-based employment. The situation in the pork value chain reveals these problems to the full extent, constituting in itself the material for scientific analysis, especially from the perspective of the potential role of the social partners in reversing the above-mentioned labour market dynamics.

This chapter captures the specificity of industrial relations in Poland in the context of the pork value chain. An overview of industrial relations in the pork value chain cannot take place without outlining the general structure of the pork value chain in Poland, also from the perspective of qualitative research. Accordingly, the first two descriptive parts of this chapter are devoted to those issues. The next two parts provide an overview of the general characteristics of industrial relations in the Polish pork value chain from the perspective of the labour market. The last part presents an exemplification of the issues discussed in the previous two parts, on the basis of Animex – the largest pork producer in Poland.

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2. Structural characteristics of the pork value chain in Poland

The Polish pork value chain is created by a network of interconnected suppliers and customers, offering meat products to final consumers. The structure of pork supplies in Poland is characterised by a high fragmentation of production, processing, and distribution. The large number of dispersed entities and the lack of strong capital ties of breeders with the meat industry do not foster sustainable integration. Diversification of activities is one of the forms of maintaining profitability. Companies with a large scale of production are more willing to seek closer cooperation with suppliers and customers in order to ensure the repeatability of financial results. Industry leaders who offer a wide range of products rely on greater integration of the supply chain. Smaller manufacturers focus on developing their own distribution networks.

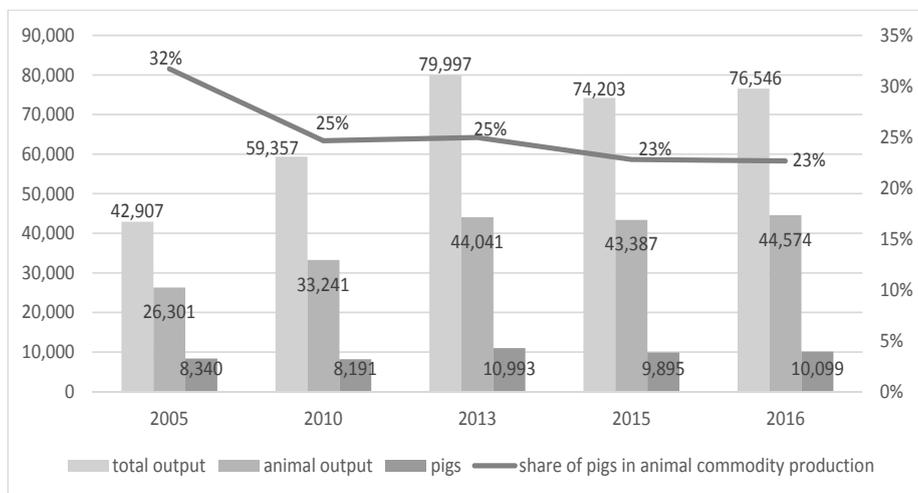
In order to understand the characteristic structure of the Polish pork market, it is good to use key statistics. In Poland, the production of pigs is carried out by about 600,000 farms. The average herd of the Polish producer is about 70 animals. The slaughtering of pigs is carried out by nearly 600 plants in our country. In Poland one can observe a considerable territorial diversity in pig breeding. The dominant position is occupied by *Wielkopolskie* Voivodeship. In 2016 its share reached 26% and exceeded more than twice the share of the second one – *Kuyavian-Pomeranian* Voivodeship. The key challenge is ASF (African swine fever). The disease has a direct impact on the farms where it is detected. Due to the high fragmentation of breeding, the occurrence of the disease, which requires the destruction of the herd, changes the financial and life situation of the breeder by shaping export opportunities and prices.

Pigs are the most important species of farm animals in Poland. According to the data collected by the Central Statistical Office for 2016, its share in the structure of global agricultural production amounted to 23% (Figure 1).

At the beginning of the second decade of the 21st century in Poland there was a rapid – more than 20% – decline in the pig population. The reasons for this state are to be found in the conditions in which pig breeding is carried out in our country, significantly deviating from the standards in EU countries. This has a direct impact on the efficiency and competitiveness of the pig production sector. The unfavourable – in terms of economic profitability – structure of herds makes it impossible to make efficient use of resources. The high fragmentation and individual character of breeding results in a lack of appropriate specialists in this field and a professional approach to the issue of production organisation.

Despite the still current restrictions, in recent years it has been possible to stop the rapid decline in the number of herds and stabilise the amount of

Figure 1 – Output in MIO PLN



Source: Agricultural Statistical Yearbook 2017, CSO.

breeding. Important elements – directly affecting the shape of the market and its possible future behaviour – include the increase in the number of sows. Table 1 presents the growth of the pig population in recent years, considering the breakdown into stages of animal growth.

Table 1 – Structure of the pig population in the years 2015-2017 (in thousands)

	2015	2016	2017
Piglets up to 20 kg	2,576	2,790	2,723
Piglets between 20 and 50 kg	2,970	3,170	3,508
Pigs of 50 kg and more for slaughter	4,212	4,271	4,752
Mated sows for breeding weighing 50 kg or	814	859	908
Total	10,572	11,090	11,891

Source: Agricultural Statistical Yearbook 2017, CSO.

According to preliminary data of the Central Statistical Office (GUS), in March 2018 the stock of pigs in Poland amounted to 11,992 pigs, which means an increase of 6.5% over the previous year. The increase was recorded across all production and utility groups. The number of fattening pigs increased by 9.1%, weaners by 4.8%, and piglets by 5.5%. The sow was 2.2% more, including sows for breeding – 0.8% more.

Progressive transformations of the agri-food market in Poland and in the world, as well as political and economic changes that are difficult to predict, are the strongest factors influencing the shape of the pig processing sector, both for breeders and for further links of pig meat processing.

The main factors influencing its shape include fluctuations in the price of pork livestock, both in Poland and in the European Union, as well as the formation of prices for the means of agricultural production. For the vast majority of economic entities operating in a highly dispersed market, the variability of both elements – with a low scale of production – is of critical importance for their continued existence. This results in a very unstable supply of the internal pork market and forces processors to look for complementarities from imports.

Random situations also play an important role. Infectious diseases, such as African swine fever (ASF) virus, are the main threats to breeders and herds. In addition, in Poland there have been two economic scandals in recent years, which have severely damaged the reputation of the meat market and in particular the pig industry. The first was the use of road salt in the food production process. The second was the scandal of meat adulteration, that is, the sale of meat of another species under false labelling. Political influence is not insignificant, such as the change in the law resulting from the ban on ritual slaughter.

The first case of ASF was reported in February 2014. By October 2019 there were found 5,268 cases of ASF in wild boars, as much as 46% of which in 2018 and 36% in 2019 (January-October). The cumulative number of ASF outbreaks in farms at the end of October 2019 was 261. The geographical range of AFS in Poland is increasing. The disease is not limited only to the eastern part of the country. In July 2019 ASF cases were reported in *Podkarpackie* Voivodeship and in November in *Lubuskie* Voivodeship¹.

The number of ASF cases is decreasing. In the period January-November 2019, 48 outbreaks were found, 38% less than in the same period in 2017 and 56% less than in 2018. In order to combat the disease, in addition to wild boar depopulation, bioinsurance requirements were raised. The reduction in the number of farms, where the requirements were not met, is limiting the development of AFS.

The probability of ASF occurrence does not depend on the scale of production; in particular, it does not increase in smaller farms. A high percentage of outbreaks was recorded in large farms – over 1,000 units².

ASF results in a decrease in exports of pork from Poland. In 2019 the first decrease since 2014 was recorded (a 6.5% decrease in the first three quarters).

¹ Dziwulski, 2019.

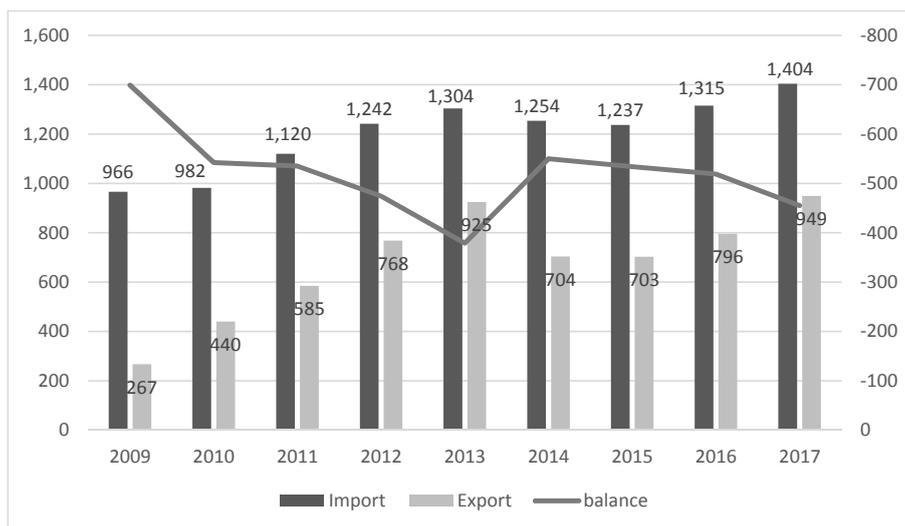
² Ibid.

The increase in global demand for pork – starting from January 2019 – mainly due to Asian markets, and the accompanying increase in product prices, do not have a significant impact on the level of production in Poland, and thus do not improve the situation in the industry. What is more, the increase in finished products is accompanied by an increase in prices of live animals, which directly hits Polish producers, who are dependent on imports of young animals. Due to AFS in mid-February 2014, the import of pork from Poland was suspended by China, South Korea Japan, the Russian Federation, Belarus, and Ukraine, among others. Exports from Poland to the EU market is relatively stable.

The value of meat products produced and processed by Polish companies in 2016 amounted to €14.4 billion (producer prices). This value has been growing since 2009, mainly driven by exports. In 2017 pork exports amounted to €949 million and since 2009 increased by more than 3.5 times (Figure 2).

The most important factors stimulating foreign trade included the increase in the export of pork products to European Union countries as well as to the United States and Canada. Poland exported 765 thousand tonnes of livestock, meat, processed pork products, and fats (in carcass equivalent), 9% more than a year ago. Exports of meat, preserves, and livestock increased, while exports of fats decreased³.

Figure 2 – Foreign trade in pork (in millions of euros)



Source: Agricultural Statistical Yearbook 2017, CSO.

³ Bureau of Analysis and Strategy of the National Agricultural Support Centre, no. 2/2018.

In 2017, imports amounted to 893,000 tonnes and were 3% higher than in 2016. Poland mainly imported meat and livestock. Poland imported 6.8 million pigs, 7% more than in the previous year. Imports of piglets amounted to 5.7 million (6% more), while imports of breeding pigs to 925,000 pigs (24% more). Expenses incurred on livestock imports were higher than in the previous year, not only due to the increase in volume, but also due to higher transaction prices of pork⁴.

In 2016, the share of pork, pork products, and offal in the export structure of meat and meat products accounted for 24.1% of the total, i.e., €940 million. The most popular was frozen meat, 35%; fresh and chilled meat, 27%. Only in third place – with a share of 10.5% – came pork carcasses and half-carcasses (fresh or chilled). Hams, shoulders (and cuts thereof) accounted for 9% of exports, while salted meat, in brine, smoked or dried, 8.5%.

The main foreign recipients of Polish meat are EU countries. The biggest exports go to Germany: Germany, 16.4%; Great Britain, 11%; and Italy, 10.5%. Outside the European Union, the largest recipient of Polish meat products is Hong Kong, with 3.3%.

An important feature of the Polish pig market is the excessive fragmentation of farms, which results in a small scale of production, making it impossible to obtain significant economic effects and accumulation of capital.

The number of pig farms has been gradually decreasing for years. At the end of the 1990s there were still one and a half million of them. According to data from 2015, it is estimated that there are currently slightly more than 200,000 of them.

The farms' structure is also changing. In recent years, there has been a significant decrease in the number of small, rearing up to 9 units, and medium-sized entities. The only quantitatively growing group of farms are those keeping flocks of more than 200 animals.

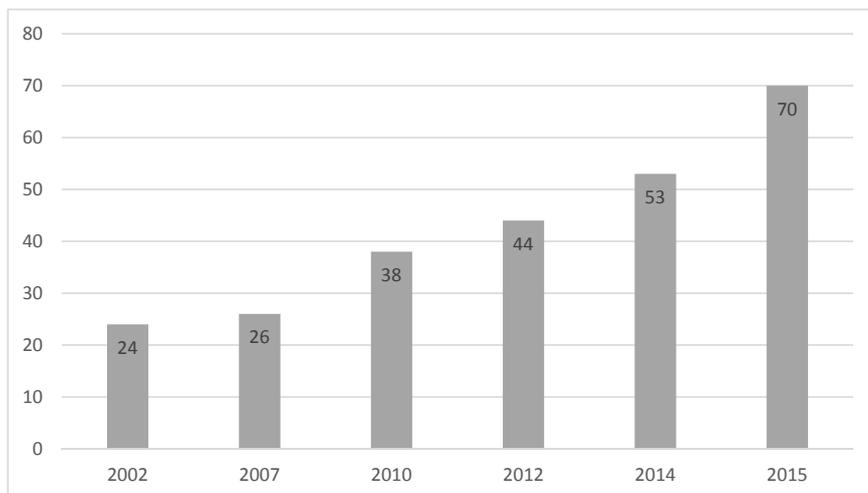
Along with the decrease in the number of farms and simultaneous increase in the number of herds in entities remaining on the market, the average size of breeding significantly increases. In the years 2002-15, the average herd size increased almost threefold, from 24 to 70 units (Figure 3). Despite the impressive dynamics, these numbers remain in large disproportion to EU market leaders.

The size of the herd is important for the profitability of production. Economic estimates from several years ago indicate that only herds of about 50-60 sows will be able to yield income, allowing them to stabilise and develop moderately⁵.

⁴ Ibid.

⁵ Pejsak, Dors, 2017.

Figure 3 – Average herd size



Source: *Rynek Mięsa*, no. 47, October 2014; Pejsak and Dors, 2017.

In Poland a specialized pig breeding region can be observed (Figure 4). The largest share in the production of slaughter livestock is taken by the *Wielkopolskie* Voivodeship, which is responsible for 26% of domestic production. Further places are occupied by the regions of the central part of the country: *Kujawsko-Pomorskie*, 12%; and *Łódzkie*, 11%.

Purchase prices of pigs are subject to seasonal fluctuations. Their increase can be observed in the first half of the year, after which – in the second half – a downward trend dominates. Differences in prices in the second half of the year, counted year on year, can even reach 10%. In a similar situation – for the first half of the year – prices remain at a similar level. There are small regional differences in purchase prices of livestock, but they are not related to the share of pig breeding in the total agricultural production of a given voivodeship.

Fluctuations in purchase prices of pork half-carcases follow the trends in the purchase of pigs. A similar price fluctuation trend can be observed at marketplaces where people trade live – with the exception that in year-to-year comparison, average purchase prices of piglets have recently been higher by 20%. Falling prices of pigs – or their persistence at a similar level – at a similar y/y cost of fodder lead to lower profitability of production, especially for small producers, who constitute the majority in the market.

There were 1,276 enterprises in the pork industry in 2017 (about 50% of

Table 2 – Number of companies in the meat processing and production sector in Poland

2008	2009	2010	2011	2012	2013	2014	2015	2016
3,283	2,921	2,857	2,692	2,787	2,448	2,486	2,730	2,683

Source: Meat Industry in Poland, 2018 (PKO BP Bank report).

The integration process is organic due to the lack of capital links between livestock producers and meat processing plants. High market fragmentation – despite some signs of concentration – is not conducive to building long-term relations. The average reported profitability of meat companies fluctuates by about 1%.

The fragmentation of the pig market makes it very difficult to separate the slaughtering process and pig meat processing. Entities operating on the market, due to their small size, try to diversify not only vertically, but also horizontally – producing products from different types of meat.

A large process of pork processing industry integration is still ahead of us. The impulse for an accelerating market evolution may be the integration of world tycoons. Smithfield's owner, the Chinese WH Group, began to consolidate the plants purchased from the Pini Group and the mega slaughterhouse near Kutno. Thanks to these transactions, it can take over a significant share of the pork market in the country.

In response to the Smithfield takeover, domestic meat companies also started their own consolidation processes. As a result of the acquisition, Cedrob acquired 83% of shares in PKM Duda plants and incorporated ZM Silesia into its group, Łmeat merged with ZM Stokłosy, and Madej Wróbel joined the Bruno Tassi group, which also included Unimięs and Peklimar. The scale of the acquisition of domestic companies may not seem impressive, but it is a significant step in the process of concentration of the industry, which has been stagnating for years.

3. The pork value chain in Poland: the result of qualitative research

For the needs of the analysis, eight interviews were conducted, with:

- two experts – the university research workers dealing with the issues of pig breeding and pork production;
- an independent representative of the medical world – veterinary quality control;

- two producers – on different scales of production, and who were members of local associations;
- a person dealing in matching contracts, making contacts between particular actors/participants in the pork value chain;
- workers employed at meat processing plants, who are members of local trade unions operating within the enterprise.

The project assumed that the pork value chain consists of the three stages: breeding, slaughter, and processing – whereas in the Polish reality the pork value chain is much more complex. We specify more stages of this chain. According to Expert 2,

“a headword breeding” cannot move outright to the slaughter and processing area, as the structure here, in the case of pigs, is a two-stage one, i.e., there is the area for breeding and the area for rearing – and only after completion of this first stage, where we have the improvement of pure breeds and later their use in stock crossbreeding, we may refer to rearing and production as such, i.e., finally, we will have live animals delivered for slaughter from that level. Therefore, this first area covers these two stages (i.e., breeding and rearing), and then we will have slaughter and processing⁷. As regards the chain enterprise-production, then generally, the slaughtering and processing units may be separated, as the slaughtering will fall into the “dirty” category, while processing into the “clean” category, even if there may also be some connections⁸.

Similarly, the four instead of three stages in the pork production chain specifies the member of the producers’ association.

It starts with breeding a piglet through fattening and then we have a fattened animal which comprises raw production material for enterprises. And these animals go to the processing enterprises, and hence to the abattoir, as we first have slaughter which provides carcasses, and only from them are products made. The enterprises I cooperate with may be called slaughterhouses⁹.

The structure of the pork production chain in Poland is not homogeneous. It has a few variants¹⁰.

- The production of piglets on a large scale on specialised breeding farms, which ensure genetic material of good, controlled quality for the production of porkers. The production of piglets is carried out annually in a few

⁷ Expert 2.

⁸ Expert 2.

⁹ Interview with Producer 2.

¹⁰ Interview with Experts 1 and 2, and also the interview with the organiser of contracts.

cycles. The number of cycles depends on a scale of piglet production. Genetic material from piglets is the most important indicator of good meat, i.e., right content of “meat in met”. Through permanent contracting, piglets are delivered to the porker producers. Porker producers rear pigs until the moment an animal reaches the right/expected weight. Porkers are then sold to a middleman who delivers them to the abattoir (slaughterhouse) or to a processing enterprise carrying out multistage production which has its own abattoir. From the abattoir a carcass goes to the undressing unit, where the meat is classified and distributed into appropriate production units. Prepared meat enters the production as an effect of which it leaves the processing enterprise and goes to trade middlemen.

- The production of piglets by small pork producers is insignificant: it is only for their own needs (subsistence). Most often, piglets are produced in two annual cycles. Porkers are produced in the same two annual cycles. The porkers of appropriate size most often reach a middleman, who purchases porkers directly from producers on their farms or at a porker procurement point. The further path of porkers and then of carcasses is the same as in the previous case.
- The production of porkers by small producers, by small farms, also goes to small abattoirs and small processing enterprises, but this type of activity was not analysed in the project.

3.1. Production

The situation of Polish pig producers and pork processing is determined by the following main factors¹¹:

- the scale of production – we specify large enterprise and small pork producers and smaller and larger meat processing establishments;
- the type of connection between particular stages in the pork chain production;
- the origins of invested capital – both small private Polish capital, as well as large enterprises functioning due to investments of large European and world economies (the United States, China);
- local conditions.

A recurring problem of Polish pig production is fragmentation of production, followed by a problem with reproducibility of the quality of animals and obtained from

¹¹ Based on the interview with the producer – a member of a local association of pork producers.

their meat. This results in lack of a stable sales market and competitiveness in respect to the reproducibility of meat parameters for meat, which is the object of trade, both in the domestic market and internationally as well. Lack of a quality indicator also makes it difficult to figure out prices and achieve stable supplies. Such a situation creates a barrier for the further development of pork production and stagnation in the entire delivery chain as regards processing as well as distribution¹².

The dependencies between particular stages in the pork production chain are regulated by contracts between the interested parties. According to the opinion of the expert and the producers' representatives, the dependencies are similar.

Generally, there may be contracts between the producer and the processing enterprise, and it is a solution most often practised, while meat [processing] enterprises often send their means of transportation to a breeder/producer and take animals, delivering them to meat processing enterprises. Obviously, the contracts determine the working time, quantity in a particular region, and the obligatory wage – as also determined at the level of both the region and a particular enterprise.

After the slaughtering is done, a connection between the abattoir and the producer may be of two types:

- it will be either the sale according to weight, so-called live weight, only with a deduction for feeding;
- or it will be the sale according to the Europos system, taking into account rewarding with a premium for the meatiness (“meat in meat”) of warm carcasses. Therefore, it is the producer-enterprise connection.

Contracting agreements may also be at the farm level – the so-called input fattening is carried out, and then the ordering unit is basically responsible for:

- providing the producer with animal material for production,
- providing feeds,
- providing veterinary supervision.

[It] is obliged to collect animals paying a determined fee – irrespective whether at a given moment there is a boom in the market or stagnation, and to deliver them to a particular abattoir, while a producer receives money¹³.

The situation of the interrelations has been changing over the years. During the earlier period, processing enterprises hired employees responsible for obtaining good-quality porkers and negotiating agreements/contracts. Over time, following the increase in the overall scale of production of porkers, processing enterprises withdrew from such activities.

¹² Union of Meat Industry Producers and Employers, justification for the project “Polish Certified Pork Production” (Warsaw, 2018).

¹³ Expert 2.

Beforehand, it was possible to enter farms, visit them, and also help farmers who asked about various things, as they treated us as some kind of raw-material service which was to contribute something during our stay with them, as the field trips were organised. It was not as if I worked at my desk, but I used to go to the countryside [do field work]. Afterward, that all changed, in the recent period, and then there were no longer any such trips¹⁴.

The prices in particular stages of connections in the pork production chain depend on the state of the economy (boom) in the domestic market. Simultaneously, the prices may differ locally in various parts of the country and differ between particular production establishments. The main feature determining the level of prices is the quality of a product. In case of the pork value chain,

informal pork quality systems exist in Poland, which are not regulated with legal provisions, and within the framework of these quality systems, there are also specified requirements which the producer has to meet, in respect to animal material and its feeding, and these conditions may be ensured at the level of the abattoirs and processing plants, so that this product could finally be delivered to the shelf in the store such as Auchan, where it is labelled as PQS and it is possible to buy particular pork products. We have such elements, and apart from this PQS system there are several other systems which include beef and pork, and meat as such or processed products made on the basis of meat. There is also a rather interesting relation between a producer, an abattoir, and a processing plant, because if these quality systems are implemented here, they also create the system of interrelations or impose strictly defined rules¹⁵.

The prices and replicability of contracts are influenced by the quality of fattening, and in consequence by the quality of pork regulated with quality standards, which are permanently fixed in production enterprises. Deviations from applied norms are not allowed. However, there are individual factors which determine the level of the prices obtained – relations (interdependencies) between contractors. The value added at particular stages changed over the course of time. Earlier, before piglets from western Europe appeared on the Polish market, piglet producers pushed the prices up; hence at exactly that stage the highest value added was obtained. Since piglets produced abroad or in the country have been coming on a wholesale scale, but as the investment of foreign capital, the prices of piglets dropped and remained stable. Currently, the highest value added is created at the meat processing stage.

¹⁴ Interview with the organiser of contracts.

¹⁵ Expert 2.

At the moment, with these price relations, it is rather establishments that generate this profit – they have profitability, which cannot be said about the producers of porkers or pigs, whether it is a close cycle holding like mine, where I cooperate with a farm which “makes” me this piglet, while I only make a porker [without breeding]. It means that as I cooperate with this farm we also share the costs as to be able to maintain a business.

It is fine here on the market, as a lot of production of piglets from the west has been entering. But before, the purchase price (buying) of a piglet was pushed up, when there was a boom before the implementation of ASF – then the price of a piglet went sky-high, although if I cooperate with this farm [from which the respondent buys piglets for fattening] for fifteen years or more, then I did not have from them a piglet at such a price pushed sky-high; it was based on healthier principles, which both he [the seller of piglets] earns something and I do, too, at this second stage. Whereas at the moment, when there is the problem of the sale of piglets and many farms which keep piglets, then I also pay him [my supplier of piglets] such fees so that he may survive in this market. Hence, we maintain this cooperation in such a way that we both can function here¹⁶.

The gathered material evidently indicates that most important are the mutual relations of the entities connected through trade-service relations in the pork production chain and the stage and size of production.

A significant factor changing the image of Polish pig producers is successively introduced standards for quality raw material and its production.

As regards the difficulties or exclusion of small producers, it is not a matter of ASF, but there are also limited production possibilities, as enterprises (abattoirs) want successive large supplies of animals and quality raw material – therefore, a farmer who decides on a large-scale production and lives on this porker production will offer raw material of better quality, as he then decides on investments, e.g., in better genetic material, or seeks better product, such as I do, so there will be better meatiness of animals, and enterprises (abattoirs) prefer such raw material much more¹⁷.

The elements that improve quality, while at the same time standardizing products, cause the elimination from the market of small producers, who in consequence are deprived of economic means, i.e., of the ability to maintain themselves and their families, as rearing pork on a small scale does not allow making large investments targeted at, e.g., reduction of pollution, the gases which are released in the process of porker production. The quality and ecological norms are the main factor eliminating small pork producers from the market.

¹⁶ Producer 2.

¹⁷ Producer 2.

As regards animals, concentration will certainly be increasing, and this is unavoidable at the moment due to the regulations concerning bio-assurance in Poland, and there are regions where this breeding is entirely vanishing¹⁸.

The consequences of these transformations were correctly described by one of the respondents – a large-scale producer:

It depends on the angle from which we view this. As regards production itself, on the one hand it is known that the concentration and intensification of production results in its being less costly – a kilogram of meat may be produced more cheaply. Whereas, on the other hand, this is what we lose with such intensive production – and this is happening here as well as in the west – we lose some kind of value; all of it is produced too fast, and there are being used too many raw materials or chemicals, fertilisers or, as in the case of fattening, it is genetically modified soya – and here the farms which specialise in this and conduct it on a large scale, unfortunately such things are required for them in order to ensure their functioning.

By contrast, small farms have more possibility to produce an ecological product – let's not deceive ourselves, but in small farms this product is healthier, even if it grows slower. However, on the other hand, ecological food must be more expensive. While when we, on a large scale, “give it a boost” – with some factor so we have better yield or a faster increase in the weight of animals, even if it becomes less natural then¹⁹.

The correct interpretation of the situation of people who directly benefit financially from the concentration of production, reflecting on the choices we have made as consumers, is as follows: cheaper, but of poorer quality, or more expensive, but of better quality, thus healthier.

The changes that have been taking place over the last years concern the entry of foreign enterprises and capital investing in the pork value chain.

Here, at the very beginning, when we entered the Union, there generally entered feed companies – a lot of western companies. Here in pork production, our industry was actually taken over by foreign companies – like the Danish or Germans, but also Americans entered here, as the Smithfield did. Going even further – not only did these firms come in, but they also began introducing their production systems – it was not exactly imposed but it simply entered, like it was in the western countries – contracted fattening where a farmer only provides his/her buildings and work, while everything else is provided by a company, that is, a firm gives him piglets, feeds, veterinary care – a farmer gets everything, and in exchange provides only buildings, his work, and removes manure. It is quite interesting, as there are also interesting intentions, so that these firms are entering and we are becoming some kind of a farmhand²⁰.

¹⁸ Independent veterinary inspector.

¹⁹ Producer 2.

²⁰ Producer 2.

Dissatisfaction with the changes introduced together with the foreign capital is evident in the case of all respondents.

It is a threat, because it is foreign capital. However, there are also our large firms which have profited – as there is, for instance, our feed production firm Vipsasz, and there is a question as to who benefited the most from these changes in agriculture since the accession to the Union. In my opinion, the growing business attracted feed production firms as they accumulated capital, and now they are also entering with the input fattening. This was observed mainly in case of poultry production, while now it can also be observed in the case of pork production. Not far from here there is an entire village where 80-90% of the farmers entered contracted pork fattening – it was at the beginning the American firm Smithfield which was in Poland, represented by Animex, while recently it has probably been bought by the Chinese. Hence, there are such actions. The Chinese have been investing here heavily²¹.

In consequence of the changes that are taking place in the pork production chain,

in June 2019, the scale of a drop in the number of heads may deepen to about 4-5%. Its level will depend on an actual drop in pork prices and on a rise in the price of cereals and feeds, which is linked to a worsening in rearing profitability²².

3.2. Employees

The situation of persons working in their own production establishments and persons employed in the pork value chain varies widely. The respondents agreed that before joining the EU, the largest group of the employed in the pork production chain was constituted by farmers – small pig producers. After 2004, the situation of persons working at different stages in the pork production chain began to change. Currently, the largest group of people are employed in the processing of pork²³.

²¹ Producer 2.

²² See <http://wiescirolnicze.pl/analizy-rynkowe/poglowie-trzody-chlewnej-cena-swin/>.

²³ According to an independent veterinary inspector, “the largest number of workers is employed in processing, as processing is simply the most branched out, because there is production of meats, preserves, meat products with short and long shelf-life, feed; then there is the depository for all these products and storage, which is also included in processing, and this involves a lot of people, while purchase in such enterprise requires few people – only few people deal in the entire procurement. In the abattoir there are also some persons employed, but, for example, 50 people employed in an abattoir will slaughter 2,000 pigs on one day, even if processing these 2,000 pigs later requires at least 500 persons, hence in processing.”

Family members are employed on small breeding farms. Usually they share their duties. The men perform heavier work such as animal care (feeding and everyday cleaning), cleaning the pigpens, taking care of the technical condition of machines, loading pigs for transport. The work of women is concentrated in breeding, looking after small piglets, and the preparation of feed (now almost entirely mechanised)²⁴.

Aside from the owner, in large pork breeding enterprises there are hired employees. The number of employed persons depends on the scale of production. The greater the number of workers, the more fragmented the work, the more specialised the tasks²⁵.

I deliver 7,000-8,000 porkers a year, while only few people work for me because my production is mechanised²⁶.

Private entrepreneurs in case of labour force shortages apply barter solutions with their neighbours or relatives. In situations where they are not able themselves or with their permanent workers to complete the necessary work, they use neighbouring help. They “compensate” the neighbours’ labour input with their own work on the neighbours’ farms, be it working with pigs or cattle or, e.g., during harvest.

All persons participating in the interviews very reluctantly commented illegal practices in this field. Nevertheless, the completed interviews make it possible to draw the following conclusions:

- Small private breeding farms do not employ strangers, outsiders. Here, trust in a worker or a supporting person is important.
- Large breeding farms employ seasonal workers, who are most often residents of the neighbouring villages working on very small agricultural holdings, e.g., 3-4 ha, and who are not able to maintain themselves exclusively from animal and plant production of their own agricultural holding and are forced to take up casual jobs.²⁷
- Meat processing enterprises employ seasonal or long-term workers, while the simplest and hardest jobs, not requiring qualifications, are done by prisoners. In other such enterprises, particularly in the western part of Poland, jobs not requiring knowledge and qualifications, albeit at the same time physically and mentally very demanding, are performed by workers from Ukraine and Byelorussia. However, those who work the longest periods under difficult conditions are workers from Asia, and in particular from Vietnam and Taiwan.

²⁴ Interview with Expert 1.

²⁵ Interview with Producer 1 – member of a local union.

²⁶ Interview with Producer 1.

²⁷ Interview with Producer 3.

- In large enterprises, labour shortages are supplemented with workers employed on temporary, short-term contracts, most often receiving pay below the wages of permanent workers.
- In small enterprises, employers carry out posting of workers; e.g., on the day of collection of porkers, a worker collects and “disjoins” meat, while the next day he works in the section preparing meat for processing.
- In large enterprises manpower shortages are made up for with overtime work by permanent employees. In areas where the labour market is shallow and job offers are scarce, the managers of such enterprises do not pay for overtime, assuming that their employees will not give up work without an opportunity for alternative employment. In enterprises located near large cities, employees are paid for working overtime.
- The problem with most processing establishments is that unskilled and low-skilled workers work 10-14 hours per day.

The way to reduce the costs related to the costs of labour depends on the scale of the enterprise and on local labour market where an enterprise operates. Employees defend themselves against their employers’ injustices by establishing trade unions within enterprises.

In one of the processing firms operating in the east of Poland in 2018, there were five local trade unions²⁸. Employees of processing enterprises, similarly to pork producers, have greater trust in organisations operating on a regional or local scale than in the national trade unions. The situation is connected with strong regional and local differentiation in the scale of production, as well as local differentiation in the labour markets with respect to the “availability” of workers.

Worth noticing is the specificity of the workers’ structure by their level of education.

The largest share of the workforce in processing enterprises is constituted by persons with primary education – about 42%. Then, respectively: with basic vocational training – about 37%; and with general and vocational secondary training – about 19%. Only about 2% of the processing plant workers are persons with tertiary education²⁹. The aforementioned structure of workers by sex, age, and work seniority was observed in 2002. Therefore, this information was not used for our description³⁰. However, the enterprise’s internal data

²⁸ Interview with a person taking care of initiating cooperation and signing contracts.

²⁹ Interview with a person responsible for initiating cooperation and signing contracts. Information quoted from the company’s brochure.

³⁰ In 2002, in the mentioned example of a processing industry enterprise, 1,373 people were employed. Among them, women comprised less than a half of the labour force (665 women). Employees with tertiary education comprised 70 people; with secondary education, 447 people; other, 856 people. There were 268 people up to 35 years old, and 963 people aged

from 2002 which were accessed during the interview indicate that the labour force of pork processing is dominated by men with little education and a long work seniority. It may be guessed that this group is characterised by low mobility, most often due to their lack of education and old age. However, in the same enterprises, a huge differentiation among the labour force (employees) may be observed. A group of employees with tertiary education comprises production technologists or IT systems operators and finance people.

Among pork producers, it is increasingly more likely to find a farmer with tertiary education who completed the field of study providing knowledge within the scope of pig breeding (and rearing)³¹.

The age of people who maintain pork production has been changing – even 30-40 years ago, they were older people, while during the last dozen or so years the largest group among breeders is constituted by persons aged 30-40; hence certainly the youth ‘have been attacking’, acquiring an education at more advanced schools and often returning to their holdings, taking them over from their parents. I do think that the age of breeders will continue to decline indefinitely, and after some time it will not most often be 30-40 years, but certainly 25-35 years, or even 20-25 years at the moment when they run the farm together with their parents³².

Producers very often participate in courses extending knowledge and improving qualifications³³. Abattoir workers adjust their skills mainly to the newly introduced technologies. This kind of work does not require any particular education. Both of the experts interviewed for the project pointed out that work in abattoirs requires a particular psychical predisposition, and it is most often performed by a seasonal workforce for a few seasons, and then they change their work position or enterprise together with the line of work. The employees of processing enterprises most often have a dozen or so years or a few decades’ worth of work seniority in the same enterprise. In case of low-skilled workers, changing a job requires long commutes, and so a high cost of commuting to work. Considering their high cost of commuting to work, this is very difficult to achieve with their low wages. Similar information was provided by the veterinary inspector:

36-50 years, while 142 persons were aged 51 years and more. The largest group is constituted by persons with the longest work seniority, i.e., 16 years and more – 996 people. The 6-15 year work seniority had 262 people, while the work seniority of up to 5 years had only 115 persons.

³¹ Interview with Expert 1.

³² Expert 2.

³³ Interview with Expert 1.

We cannot generalise here. In agriculture we do not know who breeds [rears] these pigs or cows. At procurement points and in transport, men are employed and they are not youths, but rather middle-aged men who are experienced in dealing with animals and transport. Then, in abattoirs too, it is mainly men who work there, as this is very hard work, and while before accession to the Union it was mainly Poles who worked there, this has now changed entirely, because the Polish labour force went abroad, and other nationalities work here, meaning Ukrainians, Byelorussians, some Taiwanese or Filipinos – different nationalities work [there]. Thus, it may be said that about 30-40% [of workers] in abattoirs are constituted by employees of foreign nationalities. By contrast, as regards processing, the sexes are balanced here, as there are both women and men, though they are most often middle-aged. Younger people, even if they take up work in such enterprises, leave after a few days or weeks, because they cannot stand this intensity of work and complain about wages. Older workers stay, as they cannot go anywhere, they do not have a choice, and they think that if they have worked here for 20 or 30 years, then they could work for another 10 years, as they will not go anywhere.

At each stage of activity in the pork production chain technological changes are introduced adapting the activities of the producers (breeders), abattoirs, and processing to the norms and standards that are generally obligatory in the world. The innovative changes in the case of the producers are implemented as one-off new investments, e.g., building a new pigpen equipped with advanced feed mixing and distributing devices, or [devices] providing new bedding. Only the breeding of piglets (materials for rearing of porkers) is still being organized on the basis of manual work³⁴.

Machines have not replaced the task of vaccinating piglets or measuring their body temperature. Innovations also facilitate this stage of production: electronically operated warming lamps.

Much more dynamic and wide are the changes in processing. Increasingly more advanced technologies are facilitating the process of meat preserves production. At the processing stage, innovations include not only the introduction of new technical solutions such as better machines, but also the [production] process; production technology has been changing following adoption of the Community solutions, such as the requirement to apply chemical substances, e.g., preservatives, which were not used in Poland before accession to the EU. The process of processed meat production accelerated (the production line of a particular product increased) after 2004. Then there were a few substances that were not previously used and were added to the production process³⁵. These attempts are aimed at extending shelf-life. From the employee's point of view, these are additional tasks to be performed, while only occasionally are there additional jobs.

³⁴ Expert 1.

³⁵ Interview with a person ensuring starting cooperation and signing contacts.

Producers make use of outsourcing such as advisory offices or firms specialising in maintaining particular registers. They carry out tasks connected with bookkeeping, maintaining the registers of pigs, or completing applications for land subsidies³⁶. They take advantage of services which currently are provided by external firms, while this work was formerly performed at production holding, such as the purchase of feed with its delivery, maintenance work, and repairs of pigpens and machines. Buying piglets for the production of porkers is also treated as outsourcing by producers.

4. The functioning of the industrial relations system at the national level: an overview

Under article 20 of the Constitution of the Republic of Poland, a dialogue between social partners constitutes one of the pillars of the economic system of the Republic of Poland. It is a key instrument for the implementation of the idea of a social market economy. The Constitution of the Republic of Poland assigns a special role to the negotiations between social partners, particularly for the purpose of resolving collective disputes and of concluding collective labour agreements.

Polish labour law establishes the principle of freedom of association, which should be understood as a freedom to form, operate, and dissolve organisations which unite workers and employers. In the Polish legislative system the freedom of association has two basic dimensions: the freedom (right) to form trade unions and employers' organisations and the freedom to join such associations.

It also bears pointing out that in Polish labour there is a principle of participation of employees in the management of an establishment. Its essence constitutes the participation of the employees in the decision-making processes concerning the functioning of such establishment.

Notably, the first trade unions began to emerge in the lands belonging to Poland at the end of the 19th century. This process began in Silesia, primarily in Gliwice, Bytom, Katowice, and Tarnowskie Góry (in the Kingdom of Prussia). In 1889 the Mutual Assistance Association was established in this area, which was the first mass organization of a trade union in lands belonging to Poland. In 1902 the Polish Professional Union was formed. It focused on Polish workers in the Rhineland and Westphalia.

³⁶ Producers 1 and 2.

Table 3 – Key facts about the level of unionization in Poland

Population	38,167,000
Collective Bargaining Coverage	10-15%
Proportion of Employees in Unions	15%
Principal Level of Collective Bargaining	Company
Workplace Representation	Union (or works council)
Board-level Representation	Yes: (formerly) state-owned companies
Company Board Structure	Dualistic

Source: European Trade Union Institute (ETUI), Poland: Key Facts, <https://www.worker-participation.eu/National-Industrial-Relations/Countries/Poland>.

4.1. Actors in industrial relations in Poland

An important forum of social dialogue in Poland is constituted by the Council of Social Dialogue (Rada Dialogu Społecznego). The Council, composed of the representatives of government, employees, and employers, is the main institution of the national tripartite dialogue. At the voivodship level there are the Voivodship Social Dialogue Councils. The sectoral dialogue also has the same tripartite formula.

There are several employers' representatives in the Polish labour market. Employers of Poland (Pracodawcy RP) is one of the oldest, largest, and most representative employers' organisation in the country. It has accompanied Poland's political and economic transformation from the very beginning, since 1989, by representing the interests of entrepreneurs in all sectors and businesses. The confederation forms an association of entrepreneurs of 12,000 companies that employ over 5 million employees, being the biggest employers, organisation in Poland. It is a partner in social dialogue, a participant in the Social Dialogue Council (formerly the Tripartite Commission for Socio-Economic Affairs) and a coordinator of independent dialogue.

The Polish Craft Association, a socio-professional organization for economic self-government, has been operating since 1933. Yet it was not until 2001 that it received the status of a representative employers' organization. Together with regional, local, and industry craft organizations – 27 chambers of crafts, 477 craft guilds, and 180 cooperatives – it creates the largest and oldest structure of economic self-government in Poland, representing approximately 300,000 micro, small, and medium enterprises. An important issue for the association is the promotion of the principles of safe work and cooperation with institutions dealing with these issues – the National Labour

Inspectorate and the Central Institute for Labour Protection – National Research Institute.

The employers' organisation Lewiatan Confederation, founded in 1999, strives to provide the best business conditions and support companies' competitiveness. It brings together around 4,100 companies from all over Poland employing over 1 million employees in regional and industry associations. It is a member of the Social Dialogue Council and belongs to the BusinessEurope organization.

The main actors in industrial relations are indubitably the trade unions (employees' representatives – see Section 4.3.2 below).

4.2. Collective bargaining

With the reform of the Collective Bargaining Act in 1993 and the Labour Act in 1996, trade unions successfully reshaped the legal basis of their functioning. With the labour law reform of 1996, a free collective bargaining mechanism was introduced with the withdrawal of the state from detailed regulation of labour relations by means of a simplified labour code and a limitation to minimum standards.

At this juncture, collective bargaining in Poland can take place either at the level of single companies or workplaces or at a multi-workplace level. In principle, all trade unions are entitled to engage in collective bargaining at the enterprise level, provided that they have achieved unanimity with regard to their demands before entering into negotiations with the employer. In practice, this proves difficult mainly due to Poland's extremely pluralistic trade union system: in many companies, twenty or more company trade unions have to reach an agreement. Thus, collective bargaining is extremely decentralised in Poland, and in terms both of numbers covered and impact, it is collective bargaining at individual company level (single-employer collective agreements) that is more influential. Less than 3% of the national workforce is estimated to be covered by multi-employer collective agreements. At the same time, according to analyses of the National Labour Inspectorate, the content of collective agreements has been steadily deteriorating, and nowadays it rarely exceeds the provisions of labour law. Even though the government has a right to generalise (extend) multi-employer collective agreements (so that they cover the whole sector), it has never used that prerogative. Collective bargaining coverage is low, estimated to be at 30%³⁷.

³⁷ See <https://www.etui.org/ReformsWatch/Poland/Industrial-relations-in-Poland-background-summary>.

4.3. Main worker representations

4.3.1. Ad hoc representatives

The *ad hoc* representatives are most commonly appointed when there is no other entity representing employees. Polish law provides for the possibility of appointing *ad hoc* employees' representatives, for example at the conclusion of agreements on temporary suspension of the inter-company provisions of labour law, in procedures for setting conditions of telework by the employer, or in drawing up a list of jobs when reduced working time should be applicable.

4.3.2. Trade unions

Trade union membership in Poland currently amounts to 17% of those who are employed on the basis of employment contracts, and 11% of all people in employment. In the summer of 2015 the Central Statistical Office (Główny Urząd Statystyczny, GUS) published the results of their module study on trade unions, notably the first such study in twenty-five years. According to GUS (2015), approximately 1.6 million people belong to trade unions. The relevant decline in Polish union membership results from the processes set in motion in the 1990s and early 2000s by the political and economic transformation, such as privatisation, labour market liberalisation, and industrial restructuring.

According to data provided by the Public Opinion Research Centre (Centrum Badania Opinii Społecznej, CBOS), trade union membership seems to have stabilised since 2003 at a relatively low level, while the GUS study suggests that the overall state of trade union density is actually slightly better than previous public surveys suggested.

According to GUS (2015), there are 12,900 active trade union organisations (19,500 of which are registered), 66% of which operate in the public sector. Around 2,000 organisations are independent, while the remaining number are associated with upper-level structures.

Currently, there are three national trade union organisations, including two confederations:

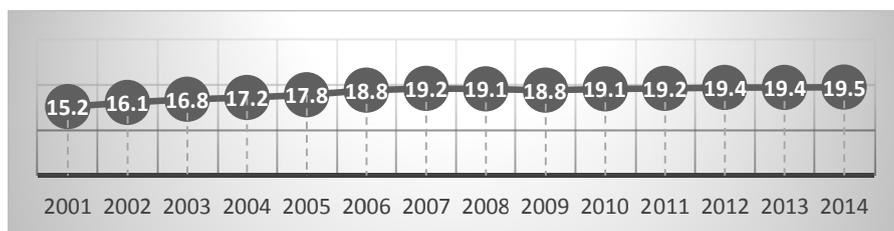
- OPPZ, the All-Poland Alliance of Trade Unions (Ogólnopolskie Porozumienie Związków Zawodowych);
- FZZ, the Trade Unions' Forum (Forum Związków Zawodowych);
- NSZZ "Solidarność", the Independent and Self-Governing Trade Union ("Solidarność" Niezależny Samorządny Związek Zawodowy).

The three national-level representative organisations encompass 83% of total union membership (over 1.3 million). The highest percentage of trade

unionists among employees was achieved in the PKD (Polish Classification of Activities) mining and extraction section. At the national level, the three major trade union confederations try to exert influence especially on legislation, for example, directly in the area of labour law, but also with regard to social and labour market policy.

Trade unions remain in a state of advanced pluralism. They are organised in three major ways: cross-occupational (including *Solidarność*, a general workers' union), occupational, and territorial.

Figure 5 – Registered trade unions, GUS in 2014



Source: Trade unions in Poland, 2014, <https://stat.gov.pl/obszary-tematyczne/gospodarka-spoeczna-wolontariat/gospodarka-spoeczna-trzeci-sektor/zwiazki-zawodowe-w-polsce-w-2014-r-,10,1.html>.

Table 4 – Overview of trade unions in Poland

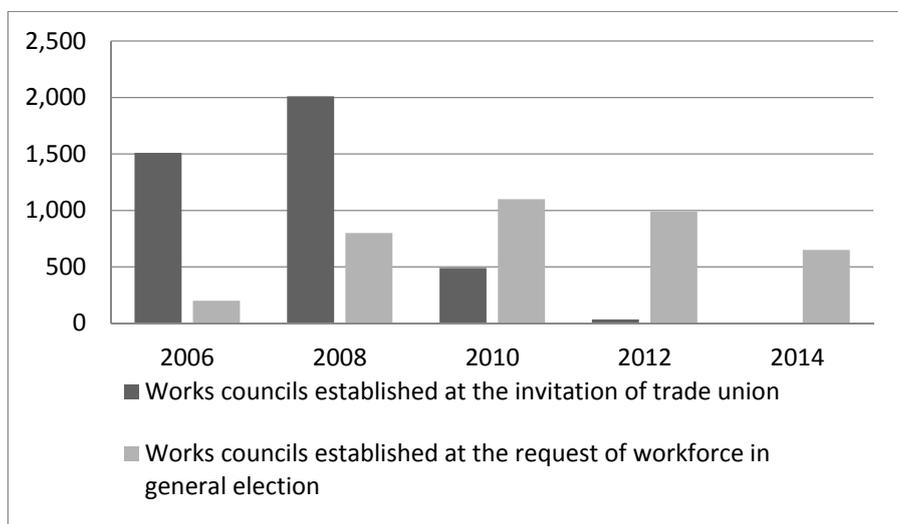
Trade union confederation	Number of member organisations	Number of members	Level of education/training of members
<i>NSZZ Solidarność</i> (Niezależny Samorządny Związek Zawodowy “Solidarność”), founded in 1980, unifi eld trade union	8,292 company trade unions, 37 regional federations, 16 branch unions	649,000	39% unskilled and semi-skilled; 34% skilled; 27% highly qualified
<i>OPZZ</i> (Ogólnopolskie Porozumienie Związków Zawodowych), founded in 1984, confederation of company branch trade union	79 branch federations (exact number of individual company trade union unknown)	550,000	24% unskilled and semi-skilled; 35% skilled; 41% highly qualified
<i>FZZ</i> (Forum Związków Zawodowych), founded in 2002, federation of company branch trade unions	75 branch trade unions from eight branches (exact number of individual company trade union unknown)	420,000	12% unskilled and semi-skilled; 31% skilled; 58% highly qualified

Source: Trappmann, 2012.

4.3.3. Workers' councils

In addition to local union representation, legislation introduced in 2006 provided for the establishment of works councils in companies with more than 50 employees (initially 100 for a transitional period until March 2008). The Act on Informing and Consulting Employees from April 2006, implementing Directive 2002/14/EC, introduced this new form of employee participation in Polish enterprises.

Figure 6 – Number of works councils in Poland

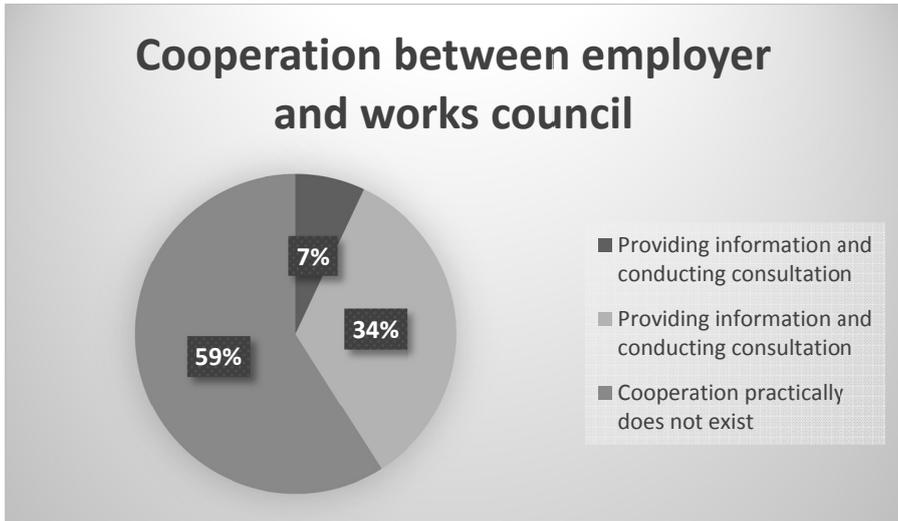


Source: Skorupińska, 2016.

In Poland, despite the dual channel of employee representation, trade unions remain the main platform for employees to have a voice, as works councils have largely failed to become embedded in national industrial relations. According to official statistics, only 567 works councils have been re-elected for a second term (compared with 3,401 established for a first term). The declining interest in works councils is mainly attributable to their rather narrow prerogatives³⁸.

³⁸ See <https://www.etui.org/ReformsWatch/Poland/Industrial-relations-in-Poland-background-summary>.

Figure 7 – Relations between works councils and employers



Ibid.

4.4. Main trends and changes

In the last eleven years, the percentage of trade unionists in Poland has remained relatively stable, yet lower than in the previous period, especially in the early 1990s. In 1991, every fifth adult declared trade union membership. Over the next few years, this number almost halved, and in the last decade the percentage of people belonging to such organisations did not exceed 9%. Trade union membership is more often declared by older workers than younger ones – the average age of trade unionists is 43, and that of non-associated workers is 40 years. Women are a little more often unionised than men. In addition, more often than on average, these are people working in public institutions and state-owned enterprises, representing professional groups such as technicians and mid-ranking staff, as well as administrative and office workers. Also, when it comes to the level of unionisation, such sectors as education, science, and health care, administration, as well as transport and communications stand out. At the same time, trade union membership is more often declared by those employed in companies with more than 50 employees than by those in smaller companies or institutions.

According to data from 2017, views on trade union activities are divided, with a large part of those surveyed (45%) having no opinion at all. In com-

parison to earlier measurements, this phenomenon has significantly deepened since 1994 (an increase of 20 percentage points since 2015). Almost every third respondent (30%, a 9-point decrease since 2015) perceives trade union activity as beneficial to the country, while every fourth respondent (25%, an 11-point decrease) perceives it as not beneficial.

On 5 July 2018, the Polish Sejm adopted an amendment to the Trade Unions Act, which significantly changed the status of trade unionists at the company level. Since 1 January 2019, these entitlements are granted not only to trade unionists employed on the basis of a contract of employment, but also to other persons engaged in gainful employment (both those performing work on the basis of civil-law contracts and the self-employed). The relevant amendment concerns unpaid leaves, leaves from work duties, and leaves to perform *ad hoc* activities and the protection of sustainability of employment³⁹.

Nowadays workers employed on the basis of civil-law contracts not only have the right to form and join trade unions, but are also entitled to privileges stemming from union membership that have so far been restricted to employees. They have the right to be released from work with remuneration, or to special protection against termination. Where a contract with a contractor who is a trade union official is terminated without the unions' approval, the employer may have to pay a severance payment amounting to six months' remuneration. The amount of this payment is a lump sum, unrelated to the loss suffered. However, if the contractor's loss is higher, it is possible to pursue damages or compensation in excess of the standard severance payment.

From the point of view of the latest important amendments adopted in Polish labour law, it is also crucial to look at the regulation of the minimum wage. On 5 August 2016, the President signed an Act of 22 July 2016 amending the Minimum Wage Act and some other acts. The act revolutionised the performance of services under two types of civil-law contracts – a contract of mandate or a contract for services – as it introduced the concept of a minimum hourly pay.

As a result of the amendment, as of 1 January 2017 the minimum hourly pay amounted to over PLN 13 (gross), and – like the minimum wage – it was going to be indexed every year (it currently amounts to PLN 17 – gross). The minimum hourly pay applies to contracts of mandate (*umowa zlecenie*) and contracts for services, performed by the contractor or the service provider, respectively, as well as to the self-employed who individually perform services for businesses. Before the amendment, the Minimum Wage Act specified the rules on minimum remuneration (currently PLN 2600 – gross) for

³⁹ Baran, 2019.

Table 5 – First residence permits issued in the EU by reason, 2017

	Total											
	Of which:											
	Family reasons		Education reasons		Employment reasons		Other reasons					
No.	Per 1.000 population*	No.	% share	No.	% share	No.	% share	No.	% share	No.	% share	
EU	3,136,141	6.1	829,922	26.5	529,994	16.9	1,009,427	32.2	766,798	24.5		
Belgium	56,246	4.9	28,653	50.9	6,896	12.3	5,948	10.6	14,749	26.2		
Bulgaria	10,958	1.5	3,615	33.0	1,267	11.6	1,822	16.6	4,254	38.8		
Czechia	57,721	5.4	15,448	26.8	11,076	19.2	23,327	40.4	7,870	13.6		
Denmark	37,123	6.4	12,601	33.9	10,681	28.8	10,347	27.9	3,494	9.4		
Germany	535,446	6.5	156,973	29.3	48,637	9.1	52,915	9.9	276,921	51.7		
Estonia	4,380	3.3	1,270	29.0	1,193	27.2	1,531	35.0	386	8.8		
Ireland	47,901	10.0	3,058	6.4	27,588	57.6	9,398	19.6	7,857	16.4		
Greece	29,995	2.8	13,798	46.0	850	2.8	2,022	6.7	13,325	44.4		
Spain	231,153	5.0	125,637	54.4	39,664	17.2	42,672	18.5	23,180	10.0		
France	250,175	3.7	92,759	37.1	78,758	31.5	27,556	11.0	51,102	20.4		
Croatia	9,733	2.4	1,694	17.4	591	6.1	6,987	71.8	461	4.7		
Italy	186,786	3.1	112,607	60.3	17,963	9.6	8,409	4.5	47,807	25.6		
Cyprus	18,971	22.1	2,741	14.4	4,923	26.0	8,204	43.2	3,103	16.4		
Latvia	6,647	3.4	2,062	31.0	1,603	24.1	2,158	32.5	824	12.4		
Lithuania	10,207	3.6	1,001	9.8	994	9.7	7,572	74.2	640	6.3		

(continues)

(continues table 5)

	Total											
	Of which:											
	Family reasons			Education reasons			Employment reasons			Other reasons		
No.	Per 1.000 population*	% share	No.	% share	No.	% share	No.	% share	No.	% share	No.	% share
Luxembourg	7,207	12.1	45.5	579	8.0	1,783	24.7	1,568	21.8			
Hungary	32,229	3.3	11.8	10,852	33.7	13,210	41.0	4,379	13.6			
Malta	10,974	23.4	14.4	1,527	13.9	5,997	54.6	1,866	17.0			
Netherlands	97,395	5.7	31.8	17,239	17.7	17,744	18.2	31,444	32.3			
Austria	55,968	6.4	24.8	4,591	8.2	2,938	5.2	34,582	61.8			
Poland	683,228	18.0	0.5	34,709	5.1	596,916	87.4	48,086	7.0			
Portugal	37,242	3.6	46.0	4,764	12.8	8,327	22.4	7,025	18.9			
Romania	13,264	0.7	27.0	4,448	33.5	2,952	22.3	2,286	17.2			
Slovenia	19,609	9.5	27.6	1,784	9.1	12,194	62.2	214	1.1			
Slovakia	13,688	2.5	19.2	1,989	14.5	7,421	54.2	1,647	12.0			
Finland	25,141	4.6	34.9	5,094	20.3	6,221	24.7	5,064	20.1			
Sweden	129,754	12.9	46.5	10,101	7.8	18,644	14.4	40,651	31.3			
United Kingdom	517,000	7.8	19.6	179,633	34.7	104,212	20.2	132,013	25.5			
Iceland	1,598	4.7	493	464	29.0	393	24.6	248	15.5			
Liechtenstein	793	20.9	539	45	5.7	104	13.1	105	13.2			
Norway	30,713	5.8	46.4	4,236	13.8	7,784	25.3	4,451	14.5			
Switzerland	42,179	5.0	45.1	10,625	25.2	10,033	23.8	2,508	5.9			

Source: Eurostat.

work only for persons employed on the basis of labour law – under a contract of employment, an appointment, an election, a nomination, or a co-operative employment contract. The aim of the amendment was to curb the abuse of civil-law contracts by employers.

An important feature of the Polish labour market is the growing participation of migrant workers. According to data from the Ministry of Family, Labour, and Social Policy, most of the migrants come from Ukraine. Due to the fact that Polish law regulates the employment of migrant workers as complementary (not subsidiary), those workers usually perform simple jobs, most often:

- storekeeper;
- hand packer;
- warehouse worker;
- cutter;
- auxiliary labourer in the processing industry;
- auxiliary construction worker;
- welder;
- fish processor.

In 2017 Poland was the EU country with the highest rate of first residence permits issued by reason of employment:

Due to bad working conditions, Ukrainian workers employed in Poland established a union associating Ukrainians. The union was established under the auspices of the All-Poland Alliance of Trade Unions (OPZZ), which coordinated and provided guidance in the process of its establishment. The aim of the Multi-Employer Work Association of Ukrainian Workers in Poland is to undertake actions to defend the dignity, rights, and interests associated with the performance of paid work, in particular in relation to:

- 1) the representation and defence the dignity and material, professional, social, civil, and cultural rights and interests of union members;
- 2) the effort to harmonize the interests of employees with the proper functioning of the workplace;
- 3) the presentation of the union's standpoint to the employer, employing entity, public administration, local administration, and political, professional, and social organization.

5. Labour market characteristics in the pork value chain in Poland

In Poland, in-depth discussion of the characteristics of the labour market in pig meat farming and production is considerably hampered by the lack of access to full sector statistics. The observable fragmentation of farms en-

gaged in breeding or in family businesses in slaughtering, cutting, and meat production significantly obscures the situation in the industry.

Another major limitation on access to data is the fact that companies whose shares are not listed on the securities market have only a limited obligation to submit their financial statements and information about themselves to the relevant register. This register is not available online. A large proportion of entities only provide basic data and do not provide financial information.

Table 6 – Number of employees in the meat production and processing sector

2008	2009	2010	2011	2012	2013	2014	2015	2016
123,572	121,314	122,948	118,437	119,494	118,089	119,616	118,821	118,226

Source: Meat Industry in Poland, 2018 (PKO BP Bank report).

From the available data, related to trends in the industry (Table 3), it can be concluded that the level of employment will decrease in the coming years. The reasons are as follows: a decreasing number of entities in the market; the merger of production companies, which always entails the risk of eliminating the duplication of jobs; and finally the construction of modern plants, which focus on a greater automation of production.

Salaries in the pork sector should oscillate between the minimum wage and the median of earnings in Poland. Only specialist positions that are important from the point of view of continuity and the quality of production can go beyond the scope indicated. The location of workplaces in areas with smaller population densities and the ease of obtaining work hands do not augur well for significant changes in trends in the near future.

Automation processes, which aim to replace human work with a wider use of machines, will also not be a significant stimulus for raising salaries in the industry. They will certainly have a negative impact on the number of people employed.

Notably, there is no separate research on the working conditions or the observance of labour law provisions in the pork production chain. The relevant data of the National Labour Inspectorate regarding health and safety at processing of meat were not available in 2019.

6. Main social partners in the pork value chain

6.1. Trade unions and producers associations

In Poland, large fattening and processing companies unite forces in national trade unions, whereas small producers and processors' employees

form their own trade unions and local associations. Local associations, for example, are involved in the struggle for the proper labelling of products. They fight to ensure that products from the Netherlands, Germany, and Egypt are labelled with information on which country they come from⁴⁰. Without this label, competition with domestic products is unequal. As one of the interviewed producers explained,

I know that in general there is no prosperity now, and it is difficult for farmers all over Europe, but through their [union] actions some things have been done, for example, in relation to the introduction of stricter sanitary standards, because it also varies here with the entry of goods from the richer EU – this raises many doubts, because our products have to meet the standards of many tests and certificates, and those products simply enter the market and it is easier for them⁴¹.

In general, the processing sector, purchasing raw material from many producers, has great negotiating power in relation to pork livestock producers. A high concentration of processing was allowed, which worsened the negotiating position of pig producers. This position is all the stronger since less concentrated production of livestock and the trade organisations of pig producers cannot represent their members during price negotiations. In Poland, unlike in other EU countries, the activities of trade organisations aimed at negotiating more favourable price conditions for their members may be treated under the law as a price collusion. As a result, producers who are forced to negotiate individually with a large processor receive less favourable delivery conditions than they could have obtained by selling livestock at prices negotiated by their trade organisation.

All in all, the members of the relevant organisations (national trade unions, local trade unions, and local associations) see the effects of their work. They also see external elements that contribute to the effectiveness of trade unions uniting pork producers and processors. In practice, however, in Poland there are only few organisations – *nota bene*, mainly employers' associations – that are visible in the public arena (*vide infra*).

The National Union of Employers and Pig Producers (KZP-PTCH) was established in 2004. It brings together the leading pig producers in Poland and the entities supporting this sector of production. They include feed factories, manufacturers, distributors of production infrastructure, and veterinary, pharmaceutical, and biotechnological companies. The potential of the associated producers keeping over 180,000 sows in total, which translates into an

⁴⁰ Producer 2 (interview).

⁴¹ Producer 2 (interview).

annual production of 4.5 million piglets and pigs for fattening (and is further strengthened by supporting institutions), makes the relevant association a strong representative of the entire industry, with a broad mandate to act on its behalf in national and international forums.

The KZP-PTCH is an entity independent of state administration bodies, local government, and other organisations. It finances its activities exclusively through membership fees and donations. The union is headed by a nine-person board, which is responsible for coordinating the implementation of the basic objectives, the most important of which involve the following:

- protecting the rights and representing the interests of the associated members before state administration bodies and other external entities;
- active influence on the shape and content of legal acts and executive regulations concerning union members;
- dissemination of information on economic and social consequences of enacted legal acts;
- creating a positive image of the industry;
- taking care of systematic improvement of the qualifications and knowledge of members;
- acting on behalf and in the interest of individual members and assisting them in individual problems.

The union actively participates in the integration of Polish agriculture with the countries of the European Union. KZP-PTCH has started cooperation with pig producers' trade unions operating in countries such as Denmark, the Netherlands, and Germany.

For its members, the union provides a platform for the exchange of experiences and production practices, for practical daily insight in the issues discussed in industry publications, and for obtaining up-to-date information on the market situation in Poland and abroad. This area of activity is reflected in weekly publications providing union members with market data on the prices of pigs and cereals in the most price-generating markets in Europe.

The KZP-PTCH is also active on the Internet. The website www.kzp-ptch.pl on the one hand acts as a discussion platform for members in the form of a dedicated forum, and on the other hand gives visitors the opportunity to familiarise with publications and new developments concerning the pig breeding industry in Poland.

The Polish Pig Breeders and Producers Association POLSUS is a self-government organization founded in 1958. Today POLSUS gathers nineteen regional organizations across the country and is authorized to run a national breeding program for pigs of the following breeds: Polish large white (WBP), Polish landrace (PBZ), Hampshire, Duroc, Piétrain, *pulawska*. The activities POLSUS carries out encompass the following:

- estimating the breeding and performance value of pigs;
- keeping herdbooks and registers for breeding pigs as well as computer systems for data registration;
- balancing the animals' needs and the production potential;
- organizing training programmes for people, estimating performance value, performing AI procedures, and issuing proper certificates;
- classifying breeding stock;
- classifying carcasses;
- establishing producer groups in business connections with slaughterhouses, feed plants, and distributors;
- negotiating minimum and intervention prices for breeding stock and fatteners;
- improving breeding stock by using proper methods of animal selection and mating as well as breed crossing;
- creating breeding programs;
- providing pig producers with greater knowledge in terms of rational breeding methods and improving farm profitability;
- sponsorships.

The meat industry provides employment for more than 100,000 people working in slaughterhouses and in the meat processing industry, as well as to 1 million people working in agriculture (i.e., about 7% of employees in Poland). It generates approximately 8.5 billion PLN of added value (i.e., 1.7% of GDP). Such a large production capacity requires a representative on the local and the European market. An example of such a representative is the Polish Meat Union, established in 1994 as an all-Poland professional organization.

The Polish Meat Union is an organization representing the economic interests of its affiliated entities acting within the meat industry and cooperating with the association in manufacturing, trading, and/or services, particularly vis-à-vis the state authorities. As a union, Polish Meat forms and disseminates ethical principles in business activities, in particular by means of codes of conduct in the economic turnover.

Currently, it consists of over 100 companies from the meat industry and its surroundings, the vast majority of which is made up of big and medium-sized modern industrial enterprises. Within the structures of the union, there are also smaller industrial meat establishments which have constant veterinary supervision. They are distinguished by a high production quality. The members use, among other standards, HACCP and ISO systems and the EURO-ROP system in order to assess raw meat materials. They also use high-tech technology for the meat processing industry and the slaughter of animals. In

addition, meat establishments continue to develop integration processes with the raw material base thanks to contracting and long-term cooperation. They also meet EU requirements in the field of the whole chain of safe and healthy food produced by environmentally friendly methods. Notably, only those enterprises which meet the criteria mentioned above can become members of the union.

The total share of the union's member companies in the selling of meat and meat products exceeds 70% in the domestic market and 80% in the export market. The main export directions are the countries of central and eastern Europe. The meat enterprises affiliated with the union make a special effort to construct a raw materials supply chain based on animal welfare principles.

In essence, the Polish Meat Union is authorized to express opinions on draft solutions relating to the functioning of the economy, and it can also take part, on terms specified in separate regulations, in the preparation of the draft legislation in this regard. The union can carry out assessments of the implementation and the operation of legislation on economic activity, especially in the meat industry and on its behalf. The task of the Polish Meat Union is to contribute to the creation of conditions for the development of economic life and to support its members' economic initiatives. At the same time, the union can promote, in cooperation with the relevant educational authorities, the development of vocational education, vocational training in the workplace, and further training for employees.

The Polish Meat Union can also delegate its representatives, at the invitation of state authorities, to participate in the work of advisory and consultative institutions in the matter of manufacturing and of the trading and service activities of the agro-food sector and, in particular, of the meat industry. The union can also organize and create conditions for settling a dispute amicably and by means of the conciliation procedure, and on the basis of separately defined principles it can take part in legal proceedings with regard to the economic activity of its members. The Polish Meat Union can issue opinions on existing business practices, and it can also provide information about the activity of entrepreneurs, as well as express opinions on the state of economic development in the area of the union's activity.

The Polish Meat Union acts to adapt production, processing, and trade to the requirements of the market, especially in terms of the quantity and the quality of products. The Polish Meat Union's ambition is as follows:

- full consolidation of the meat industry based on healthy and proven principles and its integration in the common interest;
- systematic building of strong meat industry lobbying;

- professional promotion of Polish products by the member companies in the common European market and in other global markets;
- promotion of the members and the actions of the Polish Meat Union in the media and during events.

In order to meet the expectations of current and new members, the union set itself targets such as the following:

- making an effort to protect the interests of its companies and its members;
- long-term, thorough, and professional help for members in the field of risk assessment, while undertaking investment projects, assessing the credibility of contractors, credit application forms, etc.;
- offering help in legal issues;
- providing current information about the possibilities of profiting from EU structural funds and preferential credits;
- promotion of reliable companies and high-quality products in the media and on the foreign market, especially by introducing the dissemination program of the Polish Meat world and the device trademark registered in the Polish Patent Office;
- assistance in the process of organizing international food trade fairs;
- providing union members with valid legal acts, updated information about the economic situation in the core markets, guidance on pricing, and forecasts, as well as information about changing trends, etc.;
- guaranteeing access to the advice of the top authorities in the field of food law, veterinary medicine, finance, the economy, environmental protection, and waste disposal;
- making the constructive use of intellectual potential, knowledge, and both the positive and negative experiences of companies that are in need of support at any given moment;
- equal treatment of all union members, regardless of their work experience or the company's size and market position.

The Union of Meat Industry Producers and Employers (UPEMI) is an employers' association of meat industry entities, established on 13 December 2005 by persons with an interest in the welfare of the Polish meat industry and of Polish agriculture. UPEMI brings together natural and legal persons on a voluntary basis, and in general the initiative to establish it was met with great interest from companies in the meat sector.

UPEMI's priority is to take care of and protect the economic interests of the affiliated companies, which is done by representing producers and employers of the meat industry before the authorities and governmental and self-government administrative bodies as well as national and international institutions. These are owners of meat, processing, and rendering plants, representatives of breeders' and cattle and pig producers' associations, institu-

tions supplying gastronomy, representatives of marketing groups, manufacturers of equipment serving the industry, and European advisory groups.

6.2. Council for Social Dialogue in Agriculture

The Council for Social Dialogue in Agriculture functions on the basis of Ordinance no. 11 of the Minister of Agriculture and Rural Development of 6 April 2016 on the establishment of the Council for Social Dialogue in Agriculture and Ordinance no. 20 of the Minister of Agriculture and Rural Development of 29 June 2018 amending the Ordinance on the establishment of the Council for Social Dialogue in Agriculture.

The aim of establishing the Council for Social Dialogue in Agriculture as an auxiliary body of the Minister of Agriculture and Rural Development is to create a platform for dialogue between the Minister of Agriculture and organisations operating in the agricultural environment and to increase social impact on decision-making processes concerning agriculture, rural areas, and the agri-food sector in order to maintain social peace.

The main task of the council is to present the minister with proposals for solutions to problems concerning agriculture, rural areas, and the agri-food sector; issue opinions and consulting proposals for systemic solutions concerning agriculture, rural areas, and the agri-food sector (including draft normative acts) and submit initiatives to the minister in this respect; prepare and submit to the minister positions, opinions, and current information concerning the agri-food sector, agriculture, and rural areas; present proposals for solutions aimed at improving the cooperation of processing plants with agricultural producers; disseminate knowledge about new legal regulations concerning agriculture, rural areas, and the agri-food sector among the entities composing the council.

The council is composed of representatives of nationwide trade organizations in the agri-food sector, trade unions of individual farmers of nationwide scope, and socio-occupational organizations of farmers of nationwide scope, as well as a representative of the National Council of the Chambers of Agriculture, having legal personality, who voluntarily declared its participation in the council. Notably, there are nine expert task forces within the council:

1. The Team for the Formation of the Agricultural System;
2. The Team for Innovation and Agricultural Cooperatives;
3. Team for Animal Origin Products (including representative of the Polish Meat Union);
4. The Team for Products of Plant Origin;
5. The Food Safety and Quality Team;
6. The Promotion Team (including representative of the Polish Meat Union and the Union of Meat Industry Producers and Employers, or UPEMI);
7. The Unit for Combating Unfair Competition;

8. The Direct Selling and Regional and Local Products Team;
9. The Agricultural Market Stabilisation and Risk Mitigation Team (including a representative of the National Union of Employers and Pig Producers (KZP-PTCH)).

6.3. The National Labour Inspectorate

The control, supervisory, and preventive activities of the National Labour Inspectorate are conducted in accordance with the workplan prepared on the basis of the analysis of the results of the inspection activities to date, as well as with the comments and recommendations of the Labour Protection Council and parliamentary committees (in particular the Committee for State Control), and also with proposals made by trade unions, employers' organisations, ministries and central offices, supervisory and control bodies with oversight over working conditions, and research institutes.

On a national scale, comprehensive inspections in meat industry plants were carried out in 2013 under the theme "Health and Safety at Work in Food Industry Plants", covering three subthemes:

- workplace health and safety in the slaughtering of animals and meat processing;
- workplace health and safety in fish and seafood processing plants;
- occupational health and safety in bakeries and confectioneries.

The control activities concerned in particular the assessment of compliance with occupational safety regulations in plants in selected branches of the food industry, with a particular emphasis on the hazards which are the source of accidents at work, on adapting risk assessment to work processes, and on equipping employees with personal protective equipment and working clothes.

In total, 392 inspections were carried out in three branches of the food industry characterised by a similar degree of automation and a similar scope of activities performed by employees, 127 of which were performed during slaughtering and meat processing. Detailed information on the results of inspections can be found in the 2013 Report of the Chief Labour Inspector on the activities of the National Labour Inspectorate⁴².

In the subsequent years, controls in slaughterhouses and meat processing plants were not included in the "National Labour Inspectorate Action Programme". Control activities in these establishments were rather carried out, among others, as part of controls related to employee complaints, accidents at work, or the legality of employment. Below we present statistical data on

⁴² Report of the chief labour inspector on the activities of the National Labour Inspectorate (2013), https://www.pip.gov.pl/pl/o-urzedzie/sprawozdania-z-dzialalnosci/14371_sprawozdanie-glownego-inspektora-pracy-z-dzialalnosci-panstwowej-inspekcji-pracy-2013.html.

controls carried out in plants in the meat industry sector (the data cover the entire meat industry) during the years 2015-2017.

Table 7 – Data on irregularities (based on PIP inspections in 2015-2017)

<i>Number</i>	<i>Year</i>		
	<i>2015</i>	<i>2016</i>	<i>2017</i>
Controls	628	634	562
Entities	472	478	419
Decisions in total	2,570	2,823	2,063
• health and safety	2,465	2,772	1,966
• payroll	105	51	97
Requests in submissions	2,165	2,413	2,085
Commands	109	85	142
Violations	602	714	554
Fines	156	153	140
Educational measures	99	117	112
Submissions to court	27	26	38
Public Prosecutor's Office notifications	1	2	5
Legal advice	1,175	1,248	1,137
• technical	1,714	1,809	1,381
• on legality	240	274	318

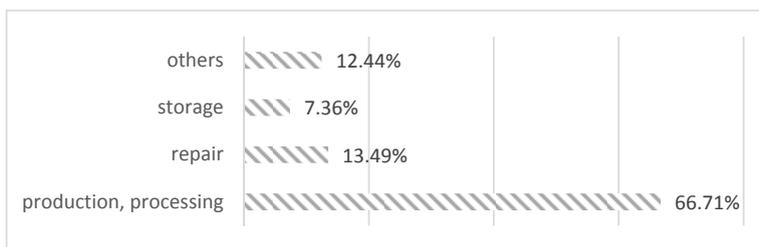
Source: Data from the National Labour Inspectorate.

Table 8 – Accidents at work in 2015-2017 (surveyed by PIP)

<i>Period</i>	<i>Number of accidents investigated by PIP</i>	<i>Number of victims of accidents</i>				
		<i>In total</i>		<i>Within which:</i>		
			<i>Fatal</i>	<i>Severe injuries</i>	<i>Slight injuries</i>	
2017	In total	42	43	4	14	25
	within which collective	4	5	3	0	2
2016	In total	43	75	3	14	58
	within which collective	5	37	0	0	37
2015	In total	38	45	2	12	31
	within which	3	10	0	0	10

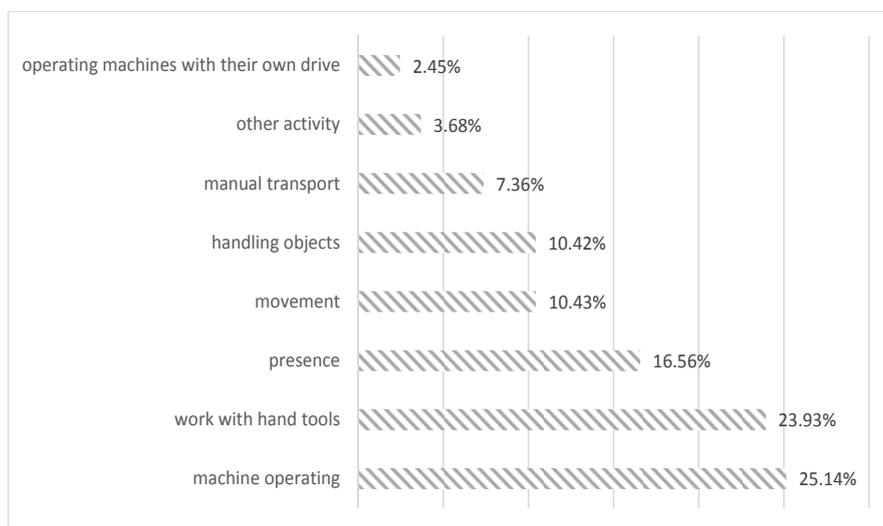
Source: Data from the National Labour Inspectorate.

Figure 8 – Accident victims by work process (2015-2017)



Source: Data from the National Labour Inspectorate.

Figure 9 – Accident victims by activity (2015-2017)



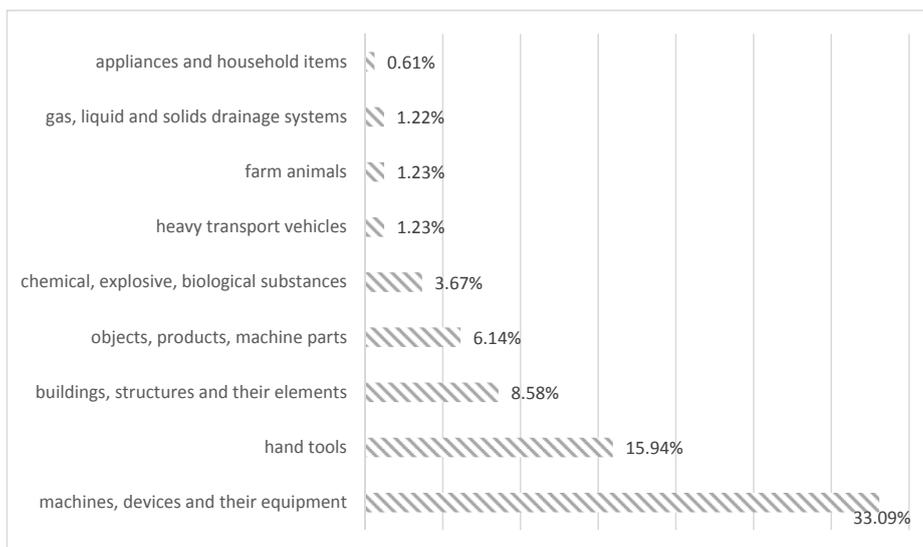
Source: Data from the National Labour Inspectorate.

Table 9 – Accident casualties by event causing the injury (2015-2017)

Loads on the musculoskeletal system	0.60%
Other events	1.80%
Manifestation of aggression on the part of the animal	2.50%
Being hit by a moving object	8.60%
Contact with a stationary object	12.30%
Getting locked crushing	20.90%
Contact with a sharp object	20.90%
Contact with dangerous substances chemical preparations temperature	32.50%

Source: Data from the National Labour Inspectorate.

Figure 10 – Victims of injuries by factor causing the injury (2015-2017)



Source: Data from the National Labour Inspectorate.

In addition, in 2019 the National Labour Inspectorate commenced the implementation of a nationwide prevention and control campaign titled “Good Safety Regulation”, planned for the years 2019-2021. The purpose of the campaign is to undertake preventive and control activities aimed at reducing hazards in meat processing plants, improving compliance with labour law, particularly as concerns workplace health and safety, and aligning establishments with the applicable legislation. The campaign will be implemented in plants in accordance with the PKD qualification:

- 1011Z - Processing and preserving meat, excluding poultry meat;
- 1012Z - Processing and preserving poultry meat;
- 1013Z - Manufacture of meat products, including poultry meat products.

The campaign was launched at the International Trade Fair of Food Technologies POLAGRA-TECH in Poznań (30 Sept.-3 Oct. 2019). Activities planned within the framework of the campaign encompass:

- a media campaign in the specialist press and on the Internet;
- initiation of training courses for employers (their representatives, health-and-safety services) (Autumn 2019);
- a reprise of the media campaign (Spring 2020);
- recruitment of another group of employers to the prevention programme and start of the control activities with a selected group of employers (2020);
- continuation of control activities and substantial support for participants in the preventive programme (2021);

- summary of three years of prevention and control activities (Autumn 2021).

7. Unionization in the pork value chain in Poland – the Animex case study

Animex is the largest pork producer in Poland. The structure of the company is extensive and composed of many production subassemblies. It is also characterized by the fact that it has been operating in the Polish market for many years, with a changing ownership structure (USA/China). Changing conditions in the Polish labour market have led to an increase in the share of foreign workers performing simple production work at every stage of the pork production chain operated by Animex.

This section demonstrates how the employment of the foreign workforce differs from the conditions in which domestic workers perform their work. In this context, the social partners' active participation in shaping relevant standards is of the utmost importance, especially in relation to the remuneration of foreign workers employed in the pork production chain at Animex and its subsidiaries. Notably, the examples presented in the case study clearly demonstrate that despite the observable crisis of the social dialogue in Poland and the decreasing degree of unionisation documented in the previous sections of the chapter, in individual cases social partners still play an important role in shaping the employees' working conditions.

7.1. Animex: general information

Animex Foods is Poland's biggest meat producer of pork, poultry, and processed meat products. It is also the largest meat exporter in Poland, and with eleven plants, and a feather plant, the largest employer in the meat industry.

Since 1999 Animex Foods has been part of the international food-industry giant Smithfield Foods, Inc., whose well-known brands include Smithfield, Farmland, Armour, John Morrell, and Gwaltney. Thanks to its position as part of this global company, Animex was able to take advantage of innovations in business and technology, and make new investments in plant equipment as it develops new brands and improves existing ones.

In September 2013, Smithfield Foods and Animex Foods became part of the WH Group – the world's largest pork producer. In May 2019, the purchase of 100% shares in Pini Polonia in Kutno (now Animex K4 sp. z o.o.

– one of the largest and most modern plants in Poland in the pig-slaughtering and pork-cutting fields) was finalized by Smithfield Foods, Inc.

The company offers fresh meat and processed products under the well-known brands Morliny, Krakus, Berlinki, and Morlinki. It has eleven meat plants located in Szczecin, Iława, Morlinów, Ełk, Suwałki, Starachowice, Opole, and Kutno (Plants K1, K2, and K4). Among the plants there are eight meat plants producing meat and meat products, two mills producing fodder, and a feather plant in Kraków. The eleven plants process hogs and poultry (chicken, turkey, and geese). Hogs delivered for slaughter originate from hundreds of Polish producers with whom the company has a longstanding, mutually beneficial history of cooperation.

The operating policies of Animex encompass all aspects of business, ensuring a safe, superior product produced from the highest-quality sources. Pigs are mainly sourced from the sister company Agri Plus – the biggest pig producer in Poland. Animex purchases over half of its annual production from Agri Plus. The rest of the inventory is purchased from carefully selected breeders from all over the country, with whom the company has mutually beneficial agreements.

Animex Foods has a well-established program of sustainable development focused on the most critical areas of its operations: preservation of the environment, quality and safety of the food it produces, the animals' wellbeing, safety of the workers, support for the communities in which it does business, and the creation of added value for the company and for local communities.

Animex Foods has also signed a cooperative program with the Warsaw University of Life Sciences. The agreement opened up an opportunity for both parties to develop extensive cooperation in research and to exchange information, experiences, and expert opinions on food, with a particular emphasis on animal products, i.e., meat and processed meat. It provides students with an opportunity to secure a job or professional training, and to gain practical knowledge supported with extensive, hands-on experience.

7.2. Employment level and conditions at Animex

The company currently employs 9,686 people, which makes it the largest employer in the meat and food industry in Poland. The company strives to create a fair, ethical, and satisfying working environment and to eliminate injuries by implementation of work safety and hygiene management systems that conform to EIPMS corporate standards. In April 2019, employees of the

Suwałki branch office were able to use measles vaccines. This was the case for people who were not vaccinated or who were not immune to measles. To find out, they had to do specialized tests at their own expense. The action was linked to the detection of measles in the region.

Animex runs an internship programme for future employees. Internship programmes consist of clearly defined plans for the acquisition of specific knowledge, skills, and experience by the trainee. The programme familiarises all trainees with all areas of the company's activities. Internships last from six to twelve months. Employment is carried out within the framework of employment contracts (fixed term). The offered remuneration is in accordance with the specificity of the position, and its basis forms the statutory minimum salary. The internships take place in one place with the possibility of getting acquainted with other areas of the organisation. After the internship and the evaluation of the progress made during the internship, the trainees can take up permanent employment.

According to information which was given to the union representative in the questionnaire, approximately 12,000 employees work in different parts of the pork value chain at Animex (breeding is the smallest part in the production chain). Women and men make up an equal share of the workforce (50% each); the employees are of different ages; the largest group is that of employees up to 55 years old.

The high turnover rate in the company is owed to the nature of the work (heavy physical work) in bad (cold/high humidity) conditions. Work in breeding is carried out seven days a week in three shifts; while in the past, work in processing was carried out five days a week in two shifts. Yet the number of accidents at work is declining, mainly due to the close attention being paid to health and safety. Protective coats, special sleeves for skimmers, and protection from machines (covers) are being used. In general, the performance of relevant work necessitates greater manual skill or dexterity. Also, speed is needed when "puncturing" the meat. Currently, one can observe that new employees are unqualified (often trained for only a particular type of job), whereas formerly those who came to work had better skills/training. At the same time automation improves work, yet not all operations in slaughtering and processing can be automated. A skilled worker is still needed.

The outsourced workforce currently consists entirely of Ukrainians. Typically, they work on the basis of civil-law contracts (*umowa zlecenia*). The company has separate lines only for Poles and only for Ukrainians. Its aim is to facilitate work/communication but not to integrate/create opportunities for small talks, etc. The relevant dynamics may result in a huge gap in the workforce in next few years.

When it comes to the legal basis of employment, the labour contract is mainly being used – typically, for the first two years, a fixed-term contract (sometimes for a shorter period, when the employee works well); then a contract for an indefinite period is used. Civil-law contracts are used when outsourced labour force is employed.

Sixty percent of employees employed in the department in Szczecin are members of trade unions: in the OPZZ, 170/200 members; in Solidarność, around 600 members. The unions are active in factories where there is a trade union tradition, and their activity is of continuous character. In new factories, it is much harder to create a trade union because people are often intimidated by employers.

7.3. Social dialogue at Animex

In 2007, a collective dispute took place at Animex. Solidarność trade union was involved in the dispute, presenting sixteen of an overall nineteen demands. The remaining three demands were, according to the company's management board, impossible to implement. The first one concerned the restoration of the jubilee award. The second demand concerned the reintegration into the structures of the slaughterhouse plant separated three years earlier. The third issue concerned salary increase. The management board agreed to increase the remuneration by 8% on average and to introduce a fixed 15% bonus on the basic remuneration, regardless of the result achieved by the company and the possible absence of the employee. This resulted in an increase in remuneration by PLN 0.70 per hour.

In May 2011, the staff of Zakłady Mięsne Agryf in Szczecin ended the collective dispute at the company. The company's employees signed an agreement with management on salary increases. The increases have been in force since April 2011. As a result of negotiations the trade unions and the employer undertook on payroll regulation in the Szczecin branch of the company, on 28 April 2011 the parties signed an agreement. The signing of the document ended the collective dispute between the parties on salary increases. At that time Agryf was a part of the Animex Group.

The following year, in 2012, Animex planned to lay off 230 people as part of the restructuring process at the Animex SA Group meat plants in Morliny near Ostróda (Warmińsko-Mazurskie). During negotiations with trade unions, 50 jobs were saved out of 230 planned to be eliminated. Beef production became unprofitable and the company wanted to focus on pork and poultry production. The restructuring consisted in the liquidation of the

beef production department in Morliny, i.e., the discontinuation of cattle slaughtering and beef production, which required appropriate adjustment of the employment level to further processing activities. Morliny meat processing plants were purchased by the Animex SA group in 2005. Previously, the company was owned by Spanish Campofrio.

In 2014, a collective dispute was reopened at the plant in Szczecin. The trade unionists demanded an 11% increase in wages. The average gross remuneration at the company was PLN 3,080. About one and a half thousand people worked in the Szczecin branch of Animex. Trade unionists emphasized that employees could until then earn overtime, but this was significantly reduced, which in reality affected their earnings negatively. Shortly before the strike at the company planned for 17 and 18 December 2014, an agreement was concluded between the employer and the unions representing the employees. Under the agreement, from January 2015 monthly wages increased by an average of PLN 150, and for December 2014 employees received a PLN 300 bonus. Only the result of the strike referendum, in which 73% of employees participated, 97.7% of whom answered “yes” to the question whether they would take part in the two-day strike – and the very threat of strike – made the employer make relevant concessions.

For many years at Animex there was a collective agreement with favourable provisions for employees. Currently, some of its provisions are incorporated into the Remuneration Regulations. Favourable provisions from the former collective agreement and the current Remuneration Regulations include, *inter alia*, higher severance pay and allowances for night shifts.

7.4. Comments

Indubitably, Animex cannot be seen as a reference point for other Polish companies involved in the pork value chain – for, being the biggest one, it is not fully comparable. However, some of the industrial relations mechanisms which occur there can be treated as a source of inspiration for other companies.

The data collected in the case study leave no doubt that the working conditions in the production of the pork chain at Animex are difficult. Employees employed to perform simple tasks are often victims of precarization of employment, mainly in relation to the amount of remuneration they are paid and the type of employment contracts concluded (mainly civil-law contracts/time limited contracts). Animex relies heavily on the external labour force – temporary workers, most of whom are migrants from Ukraine.

Notably, the results of the case study are in line with the general trends in the Polish labour market, within which migrants (mainly, but not only, from Ukraine) are mostly employed in simple jobs, most often within the framework of temporary work.

8. General comments, perceptions and proposals of the target groups

The Act of 23 May 2009 on the promotion of agri-food products has set up a Pig Meat Promotion Fund that has become the primary tool for supporting the agricultural marketing industry. The fund's resources support activities such as the following:

- providing information about the quality and characteristics, including the advantages, of pig meat;
- promoting the consumption of pig meat and its preparations;
- participating in exhibitions and fairs relating to the breeding and rearing of pigs and the production or processing of pig meat;
- market research on the consumption of pig meat and its processors;
- scientific research and development aimed at improving the quality of pig meat and its preparations and leading to an increase in their consumption;
- training of pig meat producers and processors;
- activities of national sectoral organisations, including their representatives, participating in the work of specialised permanent and working committees of international organisations or members of those organisations' statutory bodies dealing with problems in the pig meat market.

In general, pig breeders critically assess the way in which the Meat Promotion Fund operates. In their view, despite the considerable amounts the fund has every year at its disposal, the market situation is not improving. KZP-PTCh, for instance, points out that growing exports, and the accompanying proportional increase in imports, do not translate into an improvement in the price situation of livestock in the country. This proves that the increase in exports is satisfied not by domestic production but by imported raw material. Although livestock producers finance export promotion, they do not benefit from it. The union also points out that there are still no fees allocated to the fund for imported pork. Meanwhile, from January to September 2018 alone, 8 million fatteners entered the country.

Similarly, serious accusations relate to the lack of growth in the consumption of pork in the country. According to statistics, the consumption of this meat has remained unchanged for years at the level of about 40 kg per person per year. This was so even before the Pork Promotion Fund became

operational. ZP-PTCh stresses that the organisations managing the fund are most often beneficiaries of the fund's resources. They carry out their own projects with pig producers' money. This means that the organisations that manage the fund are judges in their own case, awarding most of the projects to themselves. Also leaving much to be desired are the rules for selecting the members of the Fund Management Committee. There is no real representation of pig producers in the fund's authorities, and there is no member of the National Union of Employers/Producers of Pigs, whose members are the largest contributors to the Fund.

The fund's financial plan for 2019 foresees, among other things, the implementation of a series of conferences for farmers in six voivodships, so as to bring closer the issue of bioinsurance and the fight against ASF. The fund will also partly co-finance promotion and information actions under the title "Eat Healthy, Live Healthy – Your Success in Sport Is Guaranteed". The project will be carried out by the Association of Butchers for cured meats and will have the character of festivals addressed to young generations. In turn, 1.5 million zlotys from the Pork Promotion Fund will be devoted to the programme called "Europe Full of Flavours, Tradition, and Quality". The three-year campaign worth PLN 22.5 million is also co-financed by the European Commission.

Still, no measures have been planned to mitigate the severe consequences the Russian embargo has had on Polish farmers. According to the unions, we cannot accept a situation where the national interests of the Member States lead to a breakdown of the common market built over the course of many years. For instance, the trade union National Centre for Young Farmers (ZZ CNMR) is actively seeking support for Polish farmers at European Union level. We must not allow Poland and Lithuania to become a buffer zone for other Member States. The embargo should have a ceiling and should only cover the areas where the infection is detected among breeding animals. Therefore, the buffer zone should be limited to a minimum, covering only municipalities bordering the area where ASF was found among livestock in Belarus. While the European Union must act jointly, it is not possible to allow a third country to dictate the conditions for cooperation with individual countries without the community⁴³.

⁴³ See: Działania dot. rozwiązania problemów na rynku trzody chlewnej, 22 May 2016, <http://www.zzcnmr.pl/content/dzia%C5%82ania-dot-rozwi%C4%85zania-problem%C3%B3w-na-ryнку-trzody-chlewnej>.

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Part III

*A comparative perspective
on the pork value chain:
industrial relations and final recommendations*

7. The pork value chain: a comparative perspective on industrial relations in five EU countries

By *Giulio Centamore*

1. Introduction

This chapter will focus on industrial relations in the pork industry in the five EU countries covered by the Meat-Up Ffire project, namely, Belgium, Denmark, Germany, Italy, and Poland. The overall goal is to indicate how collective labour relations in the pork industry have changed over these years and to figure out whether and (if so) how social partners and public authorities have adjusted their tactics and their means of intervention.

2. The pork industry: from asset to issue?

The importance the pork industry has for the European economy should not be underestimated. At the EU level, the food and drink industry accounts for almost 13% of the turnover of the manufacturing industry, and meat, for its part, is one of the largest subsectors of the food and drink industry¹. The pork industry is the largest subsector in the meat industry when it comes to turnover, export shares, the size of the companies involved, and internationalisation, as this project has shown².

And yet, while the meat industry has long been seen as an important asset of the economy in many EU countries, it is only recently that this asset, too, has become an issue. More to the point, concerns are growing that in the years to come an expanding meat industry will hinder the efforts to develop a sustainable economy, unless more environmentally sound measures will be embraced by the value chain. Scandals and bad publicity in the media have damaged the

¹ EU Comm., 2016, 20.

² See Chapter 1 in this book.

reputation of the meat industry across the continent, as in the case involving the use of road salt in food production processes³, the use of foreign meat for Italian products carrying the PDO designation⁴, or illegal recourse to subcontractors to circumvent regulations on wages, working conditions, and national insurance contributions⁵, to mention but a few examples. At times, livestock conditions in industrial-scale farms and in slaughterhouses are alarming. No surprise, then, that Greenpeace is campaigning around Europe on these issues, and that the industry of plant-based meat is gaining momentum everywhere.

At the end of the day, the meat industry is not in very good shape. In this regard, this chapter will try to show how things have deteriorated in the pork industry over the last fifteen years, when it comes to employment terms and conditions and industrial relations, mainly owing to a rapid internationalisation and a sharp increase in competition along the value chain (Sections 3-4). Afterwards, it will indicate how, in the five EU countries, social partners and public actors are trying to address some of the major concerns raised by the pork value chain (Section 5).

3. Recent developments of the pork market and how they impact on employment conditions and industrial relations in the sector

Like the entire food sector, the meat industry is deeply tied to national culture⁶, not least due to traditional eating habits in each country. A strong Europeanisation of this industry is a somewhat recent phenomenon, which got underway in the 1990s and grew bigger in the 2000s with the strengthening and the enlargement of the EU market in 2004 and 2007⁷. Over the last fifteen years the main drivers of change in the pork sector have been the intensification of international competition (Section 3.1), the growing bargaining power of supermarkets over pig-product manufacturers in the supply chains (Section 3.2), and the availability of an immense “industrial reserve army” spawned by an increased labour mobility in Europe (Section 3.3).

3.1. International competition

The strengthening and the enlargement of the internal market has fostered regulatory competition amongst EU Member States. Companies may

³ See Chapter 6 in this book.

⁴ Report, 2019.

⁵ See Chapter 4 in this book.

⁶ Grunert, James, Moss, 2010, 367.

⁷ Hassel, Knudsen, Wagner, 2016.

relocate assets and facilities in countries with weaker labour protections in order to pay lower wages and meet lower labour standards, or even to operate outside their national industrial relations systems⁸.

As concerns the meat industry, Germany, Poland, and the UK became key market outlets in relatively few years due to their “favourable” economic environment, somewhat at the expense of countries such as Denmark or Belgium, which have been put at a disadvantage by higher labour costs⁹.

3.2. Supermarkets

The development of large-scale retail chains in the food market further increased competitive pressures on manufacturers. And the meat industry is no exception¹⁰. Pork manufacturers are increasingly required by supermarkets to provide products at the lowest possible price and to quickly respond to seasonal fluctuations, changes in consumer demands, and so on. Reinforcing this dependence of manufacturers on supermarkets is the expanding market for so-called own-label products, since these manufacturers may be expected to operate more or less exclusively on some lines of products. As Grunert, James and Moss observe: “This requirement places a huge capital investment burden on companies and increases the power relation of supermarkets, since the manufacturer relies on their custom”¹¹. All this, in turn, contributes to the spread of tough working conditions in the sector, since manufacturers are continually pushed to find ways of cutting wages and enhancing numerical and internal flexibility in the use of manpower¹².

3.3. Labour mobility

The 2004 and 2007 rounds of EU enlargement impacted on both the make-up and the mobility of the European workforce. Employers have numerous channels by which to (legally) recruit cheap labour from other EU countries.

It is commonplace that in sectors where employers face strong competition on labour costs, recourse to migrant workers mainly from Central and Eastern European countries is prevalent. This has been the case of the meat

⁸ Bosch, Lehndorff, Rubery, 2009.

⁹ Wagner, Refslund, 2016.

¹⁰ EFFAT, 2013, 34.

¹¹ Grunert, James, Moss, 2010, 371.

¹² Caroli, Gautié, Lloyd, Lamanthe, James, 2010, 290-91.

sector for some years now, particularly when it comes to slaughtering, meat processing, and packing¹³. Let me give some examples from the national cases studied in the project.

Belgium has a high rate of foreign workers in meat companies, with Poland, Romania, and Bulgaria as the main countries of origin¹⁴. Denmark: the share of foreigners in slaughtering and meat processing is 29% of the workforce; Polish workers are the most widely represented, but workers from Southeast Asia (Myanmar, Sri Lanka, and Vietnam) have lately become prevalent¹⁵. Germany: it seems that around 50% of the workforce in slaughterhouses is made up of foreign workers, mainly from Romania and Bulgaria¹⁶, but the rate may go up to 90% in the subcontractor chain¹⁷. In Italy, foreigners account for almost 50% of the workforce in slaughtering and 25% in meat processing¹⁸, their regions of origin varying from eastern Europe to the Balkans, North and Central Africa, and East Asia. On the other hand, it is no surprise that Poland's position is more complicated than that. The country is at the same time a sender (to EU countries) and a receiver (from non-EU countries, such as Ukraine or Byelorussia) of workers for the meat industry¹⁹.

In the pork sector, this massive recourse to migrant workers is usually explained by two factors.

The first one has to do with the kinds of jobs that are available in the meat industry²⁰. They are mainly low-skilled jobs, which entail performing highly repetitive and monotonous yet dangerous tasks. The risk of workplace accidents is high when it comes to meat cutting or lifting heavy loads, such as fresh or frozen pig meat. Working-time arrangements may be extremely flexible, even more so when meat companies face just-in-time demands from large-scale retailers. Wages are often lower than in other economic sectors. There is no need for long or expensive training, at least for lower positions, such that a high rate of turnover is possible. This in turn paves the way for a massive use of migrant workers. As Lever and Milbourne²¹ put it, “the work

¹³ Hassel, Knudsen, Wagner, 2016, 1219. One might remark with interest that some recent studies on recourse to migrant workers in the EU took into comparative account sectors such as construction and meat processing (Berntsen, 2015) or construction, meat processing, and shipbuilding (Lillie, Wagner, 2015).

¹⁴ See Chapter 2 in this book.

¹⁵ See Chapter 3 in this book.

¹⁶ See Chapter 4 in this book.

¹⁷ Lillie, Wagner, 2015, 168.

¹⁸ See Chapter 5 in this book.

¹⁹ See Chapter 6 in this book.

²⁰ Grunert, James, Moss, 2010, 368.

²¹ Lever, Milbourne, 2017, 307.

involved in the meat-processing sector – boning, freezing, preserving, and packing meat – is widely recognised to be dirty, dangerous, demanding, and unattractive to [native] workers”.

In the pork sector, the second reason for this heavy recourse to migrants is to create a secondary labour market²² or a compartmentalisation of groups of workers²³, and suchlike. These and other similar concepts seem appropriate to describe the condition of migrant labour relative to the local workforce in the pork industry. This for a number of reasons.

First, they all have to do with the fact that migrants may be legally employed under different terms and conditions than those reserved for local employees (as is the case with posted workers). Second, they indicate that foreigners may accept heavier workloads for lower wages (which is exactly what meat manufacturers need), this owing to precarious contractual arrangements or urgent need for work. This personal dependency may increase when migrant workers are confined within living quarters of their own that employers or agencies provide in exchange for a (sometimes considerable) share of the salary. It is worth noting that this has been observed in the Dutch meat sector²⁴, as well as in the German²⁵ and Italian²⁶ pork industries. Third, these concepts suggest that foreigners are less aware of their rights as employees and less inclined to take their employer to court in case the latter should violate labour laws. This can be explained mainly by pointing to economic, language, and cultural barriers, which may also prevent foreigners from joining trade unions in the same rate as nationals do²⁷. Needless to say, the prospect of being employed within a limited period of time, as is often the case, points in the same direction²⁸ and contributes to explaining why trade unions are seldom committed to organising them.

4. As competition increases in the pork market, companies react by finding new ways to enhance efficiency and reduce labour costs

In the last fifteen years, new business models have been adopted by meat companies to increase numerical and internal flexibility, reduce labour costs, and in some national cases to marginalise the role of trade unions.

²² Hassel, Knudsen, Wagner, 2016, 1220.

²³ Lever, Milbourne, 2017.

²⁴ Berntsen, 2015, 385-86.

²⁵ See Chapter 4 in this book.

²⁶ See Chapter 5 in this book.

²⁷ Wagner, Refslund, 2016, 340.

²⁸ Wagner, Hassel, 2015, 210.

4.1. Germany, or how it started

With the two rounds of EU enlargement in 2004 and 2007, Germany found itself in a perfect position to attract companies and workers from other EU countries. Meat companies could operate at particularly favourable conditions. International companies such as Vion (the Netherlands) or Danish Crown (Denmark) moved facilities to Germany to take advantage of the economic context²⁹. Within a few years the country jumped to the top for pigs slaughtered and became the top pork exporter in Europe.

The dominant business model consisted in outsourcing slaughtering, deboning, processing, and packing activities to firms located in CEE countries, whose workforce was made up of employees hired in these countries and then sent to work in Germany. It is worth noting that until 2014, the German law on posted workers did not apply to the meat sector. Thus, workers were entirely employed under the terms and conditions of the home country, with considerable savings for their employers and, of course, for the main German contractors. It seems that in the subcontractor chain, wages were sometimes lower than €5 an hour. Besides, companies essentially had no social security or health insurance expenses in comparison with German-based companies.

The meat sector soon became the second biggest receiver of posted workers after construction³⁰. The sector's trade union NGG was simply not strong enough to negotiate industry-wide collective agreements or, more generally, to prevent such exploitation of cheap labour. Authorities, in their turn, did not employ enough resources to exert effective control over this value chain. As such, while the use of posted workers per se followed EU and German law, there were reports of widespread violations of the most basic principles of protection, especially when it comes to working hours (twelve to fourteen hours a day), to health-and-safety regulations, or to living conditions in the migrants' quarters³¹.

4.2. Belgium too

The unattractiveness of jobs in the sector, as well as the availability of cheap labour from eastern Europe (following the 2004 and 2007 rounds of EU enlargement), pushed Belgian companies to gradually externalise their activities and increase the rate of foreign workers in the sector. This happened

²⁹ Wagner, Refslund, 2016, 340.

³⁰ Hassel, Knudsen, Wagner, 2016, 1224.

³¹ See Chapter 4 in this book.

through a variety of different channels, such as direct hiring of foreigners, subcontracting to non-Belgian companies that employ posted workers, or recruiting workers through the services of foreign employment agencies³².

It is worth noting, however, that recourse to a migrant workforce is less profitable in the Belgian system in comparison with Germany. Belgium has a comparatively high statutory minimum wage and, moreover, collective agreements are binding on all the employers and employees within their scope of application. As such, employment terms and conditions do not vary considerably amongst native and foreign workers. Moreover, a wide-reaching labour oversight system is in place, with the participation of social partners. However, the posting of workers does attract the interest of Belgian companies, as in this way they can avoid the expensive national insurance contribution regime for a certain period of time. There is a second avenue that Belgian meat companies have been pursuing in these years to cut wages and remain competitive in the international pork market. It consists in subcontracting tasks to companies that are registered and operate in the logistics or the food commerce sectors: this enables them to take advantage of the lower wages that are provided for in the applicable collective agreements³³.

It is not enough, however, to compete with rivals that take advantage of considerably looser employment terms and conditions. “We realised after scratching the surface a little [...] that certain work-related practices [in the German meat industry] are comparable to what is taking place in China”³⁴. What happened was that Belgian meat companies started to restructure and relocate facilities or to subcontract activities to Germany in order to carry out at “German costs” tasks such as deboning, cutting, meat processing, and packing³⁵. Belgian authorities even tried to raise international pressure on the German government in order to protect the country’s meat industry. In 2013 a formal complaint was filed before the EU Commission by the then minister for economic affairs Johan Vande Lanotte and the minister for employment Monica De Coninck.

4.3. Two sides of a Danish coin

The Danish case is particularly interesting. In this Nordic country the pork industry is one of the mainstays of the economy and Danish pig meat

³² See Chapter 2 in this book.

³³ See Chapter 2 in this book.

³⁴ Debroux, 2013.

³⁵ See <https://www.lecho.be/economie-politique/europe/general/vande-lanotte-porte-plainte-contre-l-allemande-pour-dumping-social/9318163.html>.

is a globally renowned brand for quality and hygiene standards as well as a point of national pride.

However, as in the case of Belgium, the new economic landscape meant that meat manufacturers could no longer compete on prices with German-based companies. Danish politicians, too, raised the issue at the EU level and backed the adoption of a minimum wage legislation in Germany³⁶.

Although Denmark is among the few EU countries without a minimum wage, and collective agreements are not universally applicable, its industrial relations system secures high wages and good working conditions throughout the country. So, how has the pork industry survived the increase in international competition?

Here, the divide and rule model of the subcontracting chain fostered by the exploitation of migrant workers was not available. Hassel, Knudsen, and Wagner explain that with a unionisation rate of almost 100% in the sector “there were no non-union factory alternatives to slaughtering animals in Denmark”³⁷. Moreover, slaughterhouses are still controlled by a farmers’ cooperative movement that dates back centuries and exerts a certain control over the industry³⁸.

However, the Danish response to the changing international market did entail a reorganisation of the industry. The raising of pigs was in part reconverted with a specialisation in the breeding of piglets, which have their own niche in the international market. In relatively few years, the high level of technology made it possible to increase efficiency in the raising of sows, pigs, and piglets, as well as in slaughtering, deboning, cutting, and meat processing. It is worth noting that the meat industry has its own centre of research and development: the Danish Meat Research Institute. No surprise, then, that Danish slaughterhouses are thought to be the most modern worldwide³⁹.

Yet the other side of the coin consisted in a massive drop of the workforce in the sector, mainly when it comes to slaughtering and meat processing⁴⁰. Most of these layoffs were due to the closure of Danish Crown plants. The media reports that the process is still ongoing⁴¹. It seems that redundancies are due to a concentration process and to the offshoring of tasks (deboning, cutting, and meat processing) that can be carried out at lower costs in countries such as Germany, Poland, or the UK⁴².

³⁶ Hassel, Knudsen, Wagner, 2016, 1230.

³⁷ *Ibid.*, 1229.

³⁸ See Chapter 3 in this book.

³⁹ Wagner, Refslund, 2016, 342.

⁴⁰ See Chapter 3 in this book.

⁴¹ See https://www.siptu.ie/media/pressreleases2019/fullstory_21404_en.html.

⁴² Hassel, Knudsen, Wagner, 2016, 1228.

4.4. The case of bogus workers' cooperatives in Italy

Over the last fifteen years pork manufacturers have been affected by international competition mainly driven by companies based in Germany and by the increasing bargaining power of supermarkets in the food value chain⁴³.

Like Denmark, Italy is among the few EU countries with no legal minimum wage, and in which collective agreements do not apply *erga omnes*. Even so, employers normally maintain the wage levels and working terms and conditions set forth in collective agreements, especially in the country's most industrialised regions (where most of the pork industry is located). The coverage of collective bargaining is at around 80%: in Italy, the *erga omnes* exists as a *de facto* reality⁴⁴. Several factors are at play here. On the one hand, labour courts have held that only the minimum wages set in collective agreements comply with the Italian Constitution (that is to say, employers cannot pay lower wages than those set in collective agreements, and that, in turn, induces employers to apply the agreement in its entirety). On the other hand, social partners can exert strong influence over employers so that they will comply with the agreements. However, this *de facto* system has weak points, too. First, employees must go to court against the employer if they are paid less than the amount set in collective agreements. Second, in some sectors social partners may not be strong enough to get all employers to apply the agreements.

Wages and labour conditions in the pork industry often fall below the standard set in the collective agreement for the food sector; violations of labour laws in the sector were often reported in this sector, when it comes to working hours, health-and-safety and social contributions⁴⁵.

The dominant business model is based on recourse to small workers' cooperatives to which to outsource tasks such as slaughtering, deboning, cutting, processing, and packing – essentially the entire business cycle except for management and admin jobs. This enabled the main contractors to achieve considerable savings. While employees continue to benefit from the collective agreement for the food sector, subcontractors apply the collective agreements for the logistics and services sectors, which provide for lower wages and labour standards⁴⁶.

It is no coincidence that subcontractors are mainly organised as cooperatives. The law offers substantial advantages, considering that cooperatives are in principle an expression of solidarity amongst workers. The advantages include easing dismissal legislation, allowing wage cuts under certain condi-

⁴³ Dorigatti, 2018.

⁴⁴ OECD, 2017, 141.

⁴⁵ See Chapter 5 in this book.

⁴⁶ See Chapter 5 in this book.

tions, as well as tax relief, among others. Unfortunately, in the pork sector many of these cooperatives operate as private companies under the control of the main contractor, enabling the latter to avoid all the constraints resulting from the use of labour. At the end of the day they are sham companies⁴⁷. Workers are sometimes not even aware of cooperatives' meetings or of decisions being taken on their behalf. Illegal practices are widespread, regarding working hours, health and safety, taxes, and social security contributions⁴⁸. This subcontracting chain almost entirely employs migrant workers from non-EU countries (such as Albania, Ghana, Ivory Coast, China) in precarious conditions and with no links to the main food sector trade unions.

4.5. Both Polands

When it comes to the pork industry in Poland, two main factors are at play. First, a process of transformation and modernisation of the industry got underway soon after the country joined the European Union in 2004, not least due to the massive influx of foreign capital into the meat industry and the ability to export to EU markets⁴⁹. This led to a process of both vertical integration of the largest players in the meat processing sector and horizontal integration, which is still ongoing. Second, the country became a significant market outlet for European pork producers in relatively few years. Given its central position in Europe and its comparatively low labour costs, Poland at the same time became a significant importer of live pigs and fresh/frozen meat and a big player in the market for pig slaughtering and pig meat processing. As environmental and meat quality laws were less strict than in other EU countries, multinational groups were further interested in relocating their facilities to Poland.

Ultimately, the role played by Poland in this narrative is twofold. On the one hand, the country contributed to reshaping the EU pork industry by massively exporting both manpower and companies to other EU markets. On the other hand, due to the country's strategic position, meat companies based in Poland could in their turn benefit from cheap labour from eastern European countries. It seems that in most factories, untrained or undertrained employees work up to ten or fourteen hours, and that overtime is often unpaid, especially in the areas of the country with high unemployment⁵⁰.

⁴⁷ Eurofound, 2017, 3-4.

⁴⁸ Rivero, 2019.

⁴⁹ See Chapter 6 in this book.

⁵⁰ See Chapter 6 in this book.

5. Industrial relations in the pork sector: revitalisation from below and revitalisation from above

This section will assess how, in the five countries, the social partners and public actors have responded to such market developments. As a common jumping-off point for the analysis we can take the pressure on prices and the risk of deterioration of the social dialogue. However, “internal” as well as “external” responses – by social partners and public actors – vary considerably, mainly due to different national laws and industrial relations systems.

5.1. Germany

Today it is well-known that the *Modell Deutschland* of industrial relations works properly only in few sectors of the economy or areas of the country⁵¹. Yet meat companies were pioneers in closing the door on branch-level collective agreements, in trying to undermine the independence of work councils, and ultimately in rejecting all forms of social dialogue with the sectors’ main trade union (NGG).

The union’s overall membership declined from 251,000 in 2001 to 200,000 in 2017⁵². Union density in the meat sector is estimated to be very high: about 80% in slaughterhouses, but less than 10% (down to even zero) when it comes to people employed in meat processing and packing. These are people with a migrant background (mainly from Rumania and Bulgaria), employed under temporary contractual arrangements by subcontractors, moving from one workplace to another – all factors that hinder interaction between workers and trade unions⁵³.

There are no official data regarding the coverage of collective bargaining in the meat sector. However, with some exceptions, branch-level collective bargaining simply doesn’t exist in the industry⁵⁴.

There have also been improvements in the most recent years. The NGG started lobbying with the federal government in Berlin, making use of the bad publicity that often comes from extensive media coverage of the industry, or encouraging foreign workers to gain a greater awareness of their rights as employees. A substantial role in this sense has been played by *Faire Mobilität*, a DGB project co-funded by the federal government for the purpose of informing foreign workers of their own rights in their native languages.

⁵¹ Müller, Schulten, 2019.

⁵² Ibid., 243.

⁵³ Wagner, Refslund, 2016, 340-41.

⁵⁴ See Chapter 4 in this book.

Several laws that were passed in these years may contribute to improving the situation. First, an amendment to the national law on the posting of workers included the meat sector within its scope of application (2014). From that moment on, posted workers were to be employed under German terms and conditions when it comes to the core standards included in the EU Posted Workers Directive. Besides, a statutory minimum wage was introduced in Germany on January 1, 2015. New restrictions were introduced in 2017 on the use of manpower via a temporary employment agency. The issue of employment conditions in the meat sector was specifically addressed by a 2017 groundbreaking law⁵⁵.

5.2. Belgium

Belgian meat companies responded to the pressure on prices in the international pork market by restructuring the manufacturing model. On the one hand, this resulted in some of the activities related to pig slaughtering and meat processing being offshored to companies based in other EU countries. On the other hand, this resulted in subcontracting some work to companies based in Belgium. Some of these subcontractors are registered in the logistics sector or in the food commerce sector. This allows these companies to apply the collective agreements of either the logistics or the food commerce sector, and hence operate at lower costs than those set in the collective agreement for the food industry. So, although their employees carry out tasks such as deboning, cutting, etc., they may be paid as if they are working in logistics or food commerce⁵⁶. A second major effort to protect the employees of subcontractors consisted in extending to the meat industry a scheme of joint liability for unpaid wages. Such a scheme was first introduced by a Belgian law enacted on 12 April 1965. It currently encompasses nine sectors in which recourse to subcontracting is prevalent. A royal decree of 17 August 2013 extended this scheme to the meat sector in order to shield the employees of subcontractors from the possibility of not being paid by their employers. Should this happen⁵⁷, the main contractor may be held liable for unpaid wages. Ultimately, the joint liability scheme should drive meat companies to pick up reliable subcontractors.

5.3. Denmark

Back in the early 2000s, meat workers were one of the most organised

⁵⁵ Chapter 4 in this book deals with it.

⁵⁶ Chapter 2 in this book deals with the issue.

⁵⁷ See Chapter 2 in this book.

and combative sectors of the Danish working class. With a unionisation rate close to 100% in slaughtering and meat processing, they had comparatively high industry wages and good employment conditions⁵⁸. Wagner and Refslund⁵⁹ explain that this strong position of the labour movement was due to the very structure of the meat industry, on the one hand, and the high number of strikes, on the other hand:

“If the pigs were not slaughtered, the farmers (who were also the cooperatives’ owners) would be in a weak position because customers would demand delivery and might turn to competing cooperatives. Solidarity among workers was stronger than among employers: workers at other sites would refuse to slaughter pigs from a slaughterhouse with an ongoing strike; and indeed delivery drivers would typically refuse to transport the pigs in the first place. This setting, combined with a 100% unionization rate, meant that companies often gave in to the workers’ claims, which resulted in comparatively high industry wages”.

After the reorganisation began, the NNF did not give in to labour-cost pressure. Employment terms and conditions are still comparatively high in the industry, although this came at the price of a dramatic shrinking of the workforce⁶⁰. This choice may have been influenced by the good functioning of the Danish labour market coupled with the low unemployment rate⁶¹. Yet the constant threat of closures and offshoring impacted on the social partners’ practices. Strikes became less effective or even virtually worthless if they took place in a context in which employers do have an exit strategy (closure and offshoring).

The unionisation rate remains high in the industry (more than 90%), even among foreign workers⁶². Yet the decline in employment resulted in a remarkable loss of membership for the NNF. In 2014-2015 this led the food trade union to take into consideration the possibility of merging with the metalworkers union Dansk Metal⁶³. This decision was made unanimously in 2015 by the union’s executive board⁶⁴. However, one year later the board decided to stop the process, and the union therefore continues to exist as an independent association⁶⁵.

⁵⁸ Grunert, James, Moss, 2010, 383.

⁵⁹ Wagner, Refslund, 2016, 343.

⁶⁰ See Chapter 3 in this book.

⁶¹ Wagner, Refslund, 2016, 343.

⁶² See Chapter 3 in this book.

⁶³ Hassel, Knudsen, Wagner, 2016, 1231.

⁶⁴ See <https://www.nnf.dk/nyheder/2015/juni/fusionsplaner-med-dansk-metal-sat-i-bero/>.

⁶⁵ See [https://www.nnf.dk/nyheder/2016/august/fusion-med-dansk-metal-aflyst-\(1\)/](https://www.nnf.dk/nyheder/2016/august/fusion-med-dansk-metal-aflyst-(1)/).

5.4. Italy

Over the last fifteen years the Italian pork industry restructured its business model in order to reduce labour costs, increase flexibility, and ultimately remain competitive in the domestic and international pork market. Meat companies started outsourcing substantial parts of their work cycle to small firms that mainly operate as workers' cooperatives, and in a fiercely competitive market. This "secondary" labour market employs migrant workers from Africa, the Balkans, and China.

Low wages and poor employment terms and conditions have characterised the pork value chain for years. This was due in part to the fact that these companies do not apply the food industry's collective agreement. In order to compete on price in the subcontractor market, they switch to the collective agreements for the logistics or the service (*CCNL Multiservizi*) industry, both of which provide for lower wages and poorer employment conditions. In principle, this is not in violation of Italian law. Employers are free to decide whether or not to apply a collective agreement and, if so, they are free to decide which one, regardless of the economic sector in which they operate.

However, when it comes to employment in worker cooperatives, the issue of low wages is addressed in Law no. 31/2008 (art. 7), stating that wages must be at least equal to the amount set forth in the collective agreement reached by the organisations with the largest membership in the sector in which they operate: basically, this means that meat cooperatives must comply with the collective agreement that covers the food industry.

Yet this did not prove to be very effective, as the application of a collective agreement needs to be challenged before a competent labour court. Subcontractor workers are often not aware of their rights and, even if they are, there may be economic, legal, or cultural barriers preventing them from suing the employer. Then, too, in the long subcontractor chain, it is not always clear who is the real employer. Moreover, the scheme operates only so long as these people are employed by worker cooperatives. And that, of course, is not always the case. As bogus cooperatives over these years have come under fire from trade unions and the media, it seems that meat companies have more recently been encouraging their subcontractors to replace cooperatives with limited companies⁶⁶.

The problem ultimately lies in the very system of the outsourcing chain, as trade unions struggle to gain a foothold in it and labour inspectors and tax enforcers do not have enough resources to keep it under control⁶⁷.

⁶⁶ See <http://www.modenatoday.it/economia/cgil-denuncia-appalti-manodopera-rsl-emilia.html>.

⁶⁷ See http://www.cgilmodena.it/tavolo-istituzionale-settore-carni-cgil-bene-confronto-aumenta-illegalita-diffusa/?fbclid=IwAR2n5F_lpJZP7iVcuVEq2egEXctppW7A8VA7vkv-CiQCBKRCQ6K8zpXZtS64.

As far as social partners are concerned, more issues arise. Although there are no official data on unionisation in the sector, interviews have confirmed that the main (or “traditional”) trade unions in the food sector basically have no members among the (foreign) people employed by the subcontractors. Trade unions may even be criticised for having ignored the problem for years.

Besides, the very fact that subcontractors apply the collective agreements for the logistics or the service industries generates tension among trade unions. The food sector’s trade union is not supported by other trade unions involved in the pork value chain, such as the transport union (logistics collective agreement) or the retail-tertiary union (services collective agreement). After all, these organisations are somewhat interested in broadening their collective agreements’ scope of application and in collecting fees from workers. Some collective agreements (or cooperation protocols) have been signed among trade unions and employers’ associations over the course of these years.

Ultimately, it is the very model of industrial unionism that is under stress in Italy, when it comes to these long and blurred value chains – such as the pork value chain. And that is why, on the one hand, cooperation protocols have been adopted amongst trade unions and, on the other, a new form of unionism have emerged in these years – this with the express purpose of overcoming the “traditional” unionism organised by the industrial or economic sector, representing the working class as a whole and pursuing a conflict-based approach against the new lines of capitalist exploitation⁶⁸. That is the case with the independent, rank-and-file trade union SI Cobas, which almost entirely organises migrant workers in the subcontractor chains in industries such as logistics or meat. Among their (foreign) members, third-country nationals are prevalent. The methods employed by SI Cobas are aggressive, and the union often works together with independent Italian political groups from social centres (*centri sociali*) and other left-wing networks. Their methods involve striking (sometimes confrontational) picketing, blocking city traffic, and so on. Last year, the Italian government tried to tackle the issue by making traffic-blocking under certain conditions a criminal offence punishable by stripping offenders of the right to obtain a residence permit⁶⁹. It is worth noting that the emergence of this new form of rank-and-file unionism has somehow driven “traditional” trade unions to embrace the challenge of a more radical approach⁷⁰.

⁶⁸ See <https://sicobas.org/statuto-s-i-cobas/>.

⁶⁹ Orlandini 2018, 10-11.

⁷⁰ Dorigatti, 2018.

5.5. Poland

No doubt, Poland finds itself in a rather peculiar situation by comparison with the other four EU countries investigated under the project. In Belgium, Denmark, Germany, and Italy, the transformation of the pork industry over the last fifteen years has brought about a radical change in employment terms and conditions and in the social dialogue itself. At the same time, however, it has also stimulated a process of revitalisation from the bottom (by the social partners) or from the top (by public actors) of industrial relations in the pork sector. In this regard, Poland's position could only be different. There was no industry-wide collective agreement to salvage from the opportunistic behaviour of employers in the meat sector (like in Belgium or Italy), nor were there any strong industrial relations institutions needing to be “adapted” or “revamped” if they were to survive in a radically new economic environment (like in Denmark or Germany).

In Poland, although attempts to build a robust industrial relations system date back to the 1990s, collective bargaining is still weak, particularly when it comes to multi-employer bargaining⁷¹. Tripartite or “neo-corporatist” institutions do not make up for this weakness⁷². Less than 3% of the workforce is estimated to be covered by multi-employer collective bargaining⁷³. There is no industry-wide collective agreement for the meat sector. Employees have managed to create a system of collective labour relations in medium-sized or large companies only, and only if the local labour market conditions are favourable. Besides, the highly fragmented pluralism of the Polish private sector entails that even if – and where – a system of collective labour relations is in place, it is likely that trade unions would compete with one another. It is worth noting that among migrant workers from Ukraine, attempts to create independent trade unions have been made. It is not clear, however, if this is the case for the meat industry, too.

6. Concluding remarks

At the European level, EFFAT has been focusing on the meat sector for some years now, since it is clear that the problem with this sector is far from being merely national. Yet, in comparison with other highly internationalised sectors – such as transport, to name but one example – the meat industry

⁷¹ Pisarczyk, 2019.

⁷² Czarzasty, 2019.

⁷³ See Chapter 6 in this book.

gives rise to issues that are not easy to tackle at the supranational level. While both capital and workers can move freely within the European pork market, the food-sector trade unions are mainly organised on a national basis and, moreover, they may be interested in maintaining the national industries in a competitive position in order to preserve jobs within the country.

Even so, EFFAT is actively promoting stronger cooperation among national trade unions in order to foster fairer employment conditions and social dialogue in the meat sector. The European federation is working in several different fields. An in-depth report on the structure and dynamics of the European meat industry was published in 2013 in order to increase knowledge and awareness of what is happening in the sector⁷⁴. Periodical meetings among national trade unions are organised in order to promote cooperation in the value chain in areas such as migrant worker protection, recruitment practices, and health and safety⁷⁵. A substantial part of EFFAT's work consists in lobbying with EU institutions with a view to improving the relevant EU directives, such as the recent directive on unfair trading practices in the agricultural and food supply chain – a directive intended to bring about a substantial improvement of employment terms and conditions in the sector in the years to come⁷⁶.

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⁷⁴ EFFAT, 2013.

⁷⁵ See <https://www.effat.org/featured/promoting-proper-working-conditions-in-the-european-meat-industry/>.

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8. *Final recommendations*

By *Stefania Battistelli, Piera Campanella, Giulio Centamore, Davide Dazzi*

The analysis carried out throughout the two-year project has certainly contributed to bringing out among the partners a deeper and broader awareness of the main dynamics and features of the pork value chain, even from a comparative perspective, and of the different roles played by the different actors involved at the sectoral level. In the final phase of the project, each partner has been asked to formulate some recommendations at both national and European level and thus some suggestions about what should be done with a view to correcting or mitigating all the critical aspects that have emerged in the course of the research activities.

In this section, only European recommendations are considered. National recommendations are available on the Meat-up Ffire website (<https://www.meatupffire.com/>). On the basis of the expertise developed under the project, and starting from its national perspective, each partner has pointed out some priorities in terms of predefined thematic issues they share.

- Migrant workers – as the migrant workers make up a substantial and growing part of the labour force in the value chain, what instrument can be introduced to facilitate their integration and to guarantee equal living and working conditions?
- Fragmentation of the value chain – what instruments are better suited to develop an inclusive approach along the value chain?
- Low wages, unfair competition, and social dumping (collective bargaining) – what practices and instruments need to be designed to increase wages, contrast unfair competition and fight against social dumping?
- Transition (automation, climate change, etc.) and effects on employment – how to raise the social partners' awareness of the way climate change is affecting the production system, consumption, and the environment, as well as the quantity and quality of employment?

- Working conditions/health and safety at work – what instruments are needed to improve working conditions, including in terms of health and safety?
- Employee voice (national and transnational level) – how to strengthen employee voice and the different forms of worker participation along the value chain in a national and transnational perspective?
- Enforcement – what measures need to be put into effect in order to fully apply and respect the governing system?

In the synoptic view below, it is possible to see all the different recommendations in a European perspective broken down by country. If we compare all the different suggestions, some common trajectories seem to emerge, and at least nine primary concerns can be identified.

(1) Enhancing cooperation between Meat-up Ffire and EFFAT

- Setting up a relationship between the Meat-up Ffire website and the EFFAT website with a view to enriching, extending, and exchanging information, analysis, and studies on the pork value chain. If the results achieved throughout the two-year project are not to be lost, and if we are to maintain a permanent point of observation on the meat value chain, it will be helpful to include the information-sharing capacity of the Meat-up Ffire project within the EFFAT communication strategies or to establish some mutual interaction in terms of information, training, and awareness-raising. In this regard, and as the sector has been undergoing in a rapid transformation, the Meat-up Ffire project can continue to put out a periodic newsletter about issues to be discussed together with EFFAT.
- Another cooperative relationship that may usefully be developed between Meat-up Ffire and EFFAT might consist in the Meat-up Ffire partnership participating (through its representatives) in the annual meeting of the Meat Coordination Committee set up within EFFAT or in the partnership or offering consultation in selecting experts to be invited to the meetings on the pork meat sector organised by EFFAT with a view to “growing” together and being ready to applying an upcoming call for proposals under the same or other budget headings.

(2) Strengthening transnational union cooperation

- Strengthening and intensifying the role of transnational union organizations in coordinating national union strategies and initiatives in the pork meat sector. As the project and the comparative analyses have extensively explained, the meat value chain extends across national borders, for which reason its transformation can only be completely understood,

and governed, in a transnational perspective. National trade union organisations should intensify transnational coordination both as to its frequency (the number of meetings) and to its forms (bilateral or trilateral cooperation agreements on specific issues and a European meeting on more general issues), and in this regard Meat-up Ffire partners can act as facilitators.

- Promoting a more intensive dialogue through international union cooperation and, more specifically, with the Global Union Federation (IUF) in order to exchange information globally and building global union campaigns aimed at introducing equal treatment and better working conditions along the global value chain.

(3) Leveraging the European dimension

- As cross-national employee voices seem to be vital for governing international competition, all transnational industrial relations tools need to be enhanced. Due to the interlocking of the national meat value chains, it is important to map out all the existing European Works Councils (EWCs) and Transnational Company Agreements (TCAs) at the sectoral level, facilitating their functioning (i.e., translating and disseminating the contents of the agreements and also inviting representatives of the subcontracting chain to the EWC meetings), as well as analysing TCAs and EWCs applied in other sectors with a view to transferring positive practices (i.e., some TCAs provide for the regulation of temporary agency work).
- Amending the Posting of Workers Enforcement Directive (2014/67/EU) to include an obligation to introduce a scheme for joint liability when posting workers. The Enforcement Directive already requires such a scheme in the construction sector, and our research shows how the meat industry shares many of the challenges of this sector. Only eleven Member States have so far introduced a joint liability scheme extended across all economic sectors, while nine limit this scheme to the construction industry.

(4) Working conditions

- Considering the rapid pace at which work is becoming more intensive and the workload is increasing, industrial relations should pay closer attention to health-and-safety issues, both in countries (like Italy) where businesses compete mainly by reducing labour costs through subcontracting and in countries (like Denmark) where they instead tend to compete more by innovating and improving hygiene in the working environment. As our research activities have clearly explained, employees in subcontracting chains are at higher risk for work-related stress and for musculoskeletal disorders.

(5) Fair wages to hinder social dumping

- The introduction of minimum living wage policies at the European level in order to reduce social dumping practices, favouring a pay raise, and enabling people to make a decent living. As there is a question as to whether or not the EU has a solid legal basis for a European minimum wage policy, and due to some trade unions' concern (at least in those countries with a high collective bargaining coverage, e.g., Denmark and Italy), and in line with the recent proposal put forward by the European Trade Union Confederation (ETUC), our recommendation is to shift from a strict concept of minimum wage policy to living wage policies (a decent wage) that adopts a common European target of 60% of the national median wage as a benchmark. A minimum living wage can be introduced by law or provided by collective bargaining. In case of a statutory minimum wage, it is of crucial importance that by its introduction the social partners should be encouraged to negotiate higher wages rather than be discouraged from collective bargaining. Finally, in terms of its regulatory setting, a pragmatic solution by which to avert legal uncertainties – a solution proposed by ETUC consistently with an earlier proposal by the French Parliament – would be to integrate a European minimum wage policy into the European Semester.

(6) Limiting the use of subcontracting

- If we are to succeed in the effort to put an end to all the various forms of bogus outsourcing that rely on such devices as “bogus self-employer” or “bogus cooperatives” (as we see, for example, in Italy), it is important that we introduce or reintroduce the equal treatment principle between direct and indirect workers (between client company and subcontracting companies) and set up fiscal tools (e.g., reverse charge) discouraging the abuse of bogus subcontracting and illicit labour intermediation.
- Introducing a scheme for the contractor's joint liability in subcontracting chains with a view to selecting the company profiles to which to contract out part of the working process. The pressure on the introduction of a liability scheme can derive from national or European legislation (e.g., European directives) or from so-called soft law:
 - introducing SA8000 standards and other social certifications as a specific request within collective bargaining;
 - testing an “ethical label” along the meat value chain that takes account of workers' rights in order to exert pressure on reputation.
- Collective agreements at the national, local, and company level should provide for clauses limiting the subcontracting of core business activities.

- Encouraging a progressive internalisation of all those working profiles belonging to the meat value chain under the same collective agreement by enriching and broadening the qualifications standard of the food sector agreement. In this regard, it is also of crucial importance to redefine the entire sectoral structure of collective bargaining in order to reduce overlap among industry-wide collective agreements.

(7) More inclusive industrial relations

- Promoting more inclusive industrial relations and encouraging all forms of collective bargaining and worker representation geared toward including direct and indirect workers along the value chain. Industrial relations have to put back together what capitalism has been breaking up.
- More specifically, collective bargaining ought to move gradually from a company-based model to a model based on the working process, and in this regard the optimal industrial relations arena is that of the cluster, district, site, and local areas. To this end, it is important to test new expanded forms for bodies representing workers along subcontracting chains with a view to representing direct employees (contractor) and indirect workers (subcontracting companies).
- More inclusive forms of collective bargaining can be achieved through different sets of issues and tools, but our recommendation is to start from health-and-safety issues. Thanks to the cross-issue nature of collective bargaining in this area, we are more likely be able to rebuild a sense of solidarity among workers along the meat value chain.

(8) More migrant-oriented industrial relations

- Due to the large presence of migrant workers in the meat value chain, specific attention should be paid to all those integration forms within and outside the workplace (e.g., *Fair Mobilität* as a positive practice to be transferred) and to all those industrial relations practices that are aimed at facilitating migrants' voices and their representation.
- To begin with, collective agreements, legal provisions, union documents, and informational materials need to be translated into more languages, in this way industrial relations could become more accessible to all. In the second place, the same union organisations and the relative workplace union representation bodies should be more representative of the labour-force composition: trade unions need to invest in an organisational perspective through a wider engagement of migrant workers as union officers.
- Trade unions should facilitate the integration of migrant workers even

outside the workplace by promoting social and cultural initiatives. On the basis of the *Fair Mobilität* experience, EU funds can be used to financially support union campaigns and measures geared toward serving migrant labour (e.g., hiring of union officers who speak other languages).

(9) Ecological and technological transition

- As meat production will be inevitably impacted by climate change, and given the social partners' general lack of concern with sustainability issues, it is important for social partners to networking more widely with all associations and NGOs engaged in environmental sustainability, human rights (e.g., of migrant workers), fair market and consumption (e.g., a shorter food supply chain and impact of the Unfair Trading Practices Directive adopted in 2019 to tackle unfair trading practices in agricultural supply chains and support suppliers of agricultural products to get a fairer deal from their trading relationships), and animal welfare, notably as this relates to the consequences of African swine fever (ASF) on the balance of trade. Networking should be intended to promote information and training initiatives through which to equip social partners to tackle the consequent challenges/conflicts (i.e., the environment vs. employment).

Technological transformation (especially digitalisation and automation) has certainly been impacting the quality and quantity of work along the meat value chain. More information and training initiatives should be undertaken so that social partners and employees may sharpen their awareness of both the positive and negative consequences of this transformation – e.g., positive in the form of improved health and safety, negative in the form of rising unemployment – by using sectoral, national, and EU funds (e.g., DG Employment on Social Dialogue and Industrial Relations).

EU-level: recommendations of the Meat-up Fire partnership

<i>Issues</i>	<i>Denmark</i>	<i>Germany</i>	<i>Poland</i>	<i>Belgium</i>	<i>Italy</i>
Migrant workers	<p>One of the reasons for the high level of unionization is that trade unions have translated collective agreements into other languages, such as Polish, German, and English.</p> <p>Furthermore, safety regulations have also been translated, and some trade unions have employed Polish union officers to translate and offer help with official papers, taxes, etc.</p> <p>Trade unions should facilitate integration outside the workplace as a primary tool for learning Danish – through football, handball, badminton, and cooking classes.</p>	<p>EU legal obligations, beyond that of altering the Posted Workers Directive (an increasing number of migrant workers no longer fall under this legal category)</p> <p>(a) inform migrant workers of their rights and entitlements in their native language and (b) have some representative structure serving the interests of migrant workers – such a service could be included in existing practices – or have an elected representative with the bilingual skills needed for some sort of translation service.</p> <p>trade union support.</p>	<p>Preparing a trade union offer for migrant workers considering the language and temporary nature of the stay.</p> <p>– Associations supporting migrants of a given nationality are mainly interested in promoting culture.</p> <p>Building among migrant workers from Poland an awareness of the rights and benefits they can gain by cooperating with trade unions.</p> <p>– Awareness-raising before departure can strengthen their willingness to use trade union support.</p>	<p>Introducing a scheme for joint liability in subcontracting chains: the scheme should be aimed at reducing such a border through a system of whitelisting/blacklisting of subcontractors.</p> <p>Amending the Posting of Workers Enforcement Directive to include an obligation to introduce a scheme for joint liability when posting workers:</p> <p>– The Enforcement Directive already mandates the introduction of such a scheme in the construction sector, and our research shows that the meat industry shares many challenges with this sector. Only 11 Member States have so far introduced a scheme for joint liability extended across all economic sectors, while 9 limit this to the construction industry.</p>	<p>Establishing the equal treatment principle between direct and indirect workers within the same worksite, and designing more appropriate fiscal benefits in order to prevent the fragmentation of the pork value chain. In Italy, that means removing slaughtering and meat processing activities from those that benefit from fiscal incentives to cooperatives (DPR 62/1970).</p>

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<i>Issues</i>	<i>Denmark</i>	<i>Germany</i>	<i>Poland</i>	<i>Belgium</i>	<i>Italy</i>
Fragmentation of the value chain	The value chain is pretty much controlled by the cooperation movement.		Promoting the benefits of long-term cooperation with local actors and supporting the creation of local associations of organizations within the value chain, this with the aim of consolidating the value chain.		Favouring all forms of collective bargaining that involve direct and indirect workers along the value chain (i.e., worksite collective agreement, inclusive collective agreement).
			Promoting food from local producers and producer associations operating outside large corporations.		Introducing fiscal tools discouraging the exploitation of subcontracting (requiring the client company to advance the VAT which the subcontracting companies have to pay).
					– Relying on soft law to stimulate fair behaviour on the employers' side
					– Introducing SA8000 standards and other social certifications as a specific demand in collective bargaining.
					– Testing an “ethic label” along the meat value chain that takes account of workers' rights in order to exert pressure on reputation.

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<i>Issues</i>	<i>Denmark</i>	<i>Germany</i>	<i>Poland</i>	<i>Belgium</i>	<i>Italy</i>
Low wages competition, and social dumping (collective bargaining)	<p>A possible solution lies in European regulation of minimum wages and minimum social security.</p> <p>However, this goes against most countries' preference for an independent industrial relations system.</p> <p>Countries with strong optional industrial relations systems (like Denmark) will probably be especially reluctant to accept a European minimum wage, as it could entail regulation of other labour market issues.</p>	<p>Here, too, the European level would appear to be the best solution, especially as it covers practices, concerns a statutory minimum wage, or some legislation that fights (see Germany) malpractice, such as falsely reporting hours worked or charging employees for using working equipment such as clothes and knives.</p>		<p>This would mean that companies handling (pork) meat would be under an obligation – established by law, collective agreement, or industrial relations practice – to be covered by the collective agreement for the meat industry (national equivalent).</p> <p>More appropriately defining tasks and roles in adjacent sectors (especially as regards the handling of meat and hazardous materials).</p> <p>Trade unions and employers' associations should work to better clarify functions and profiles (in collective agreements) in order to make it more difficult to apply them to workers handling (pork) meat, as by excluding handling of food and hazardous materials from the lowest workers' categories and classification.</p>	<p>Introducing a minimum wage by law and stimulating a process for internalising all functions/profiles that are already outsourced but are included in the value chain.</p>

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<i>Issues</i>	<i>Germany</i>	<i>Poland</i>	<i>Belgium</i>	<i>Italy</i>
Transition (automation, climate change, etc.) and its effects on employment	<p>In the case of Denmark, the unions have chosen to embrace automation and are thus cooperating with employers to introduce robots and automation. But there is no way around the fact that automation does mean fewer – albeit healthier – jobs.</p>	<p>As concerns ASF, the social partners should share experiences with the countries where ASF is being effectively contained (Spain) or wiped out (Belgium). Also, matching resources are needed to implement measures against ASF, in particular as regards employment in the State Veterinary Inspectorate.</p>	<p>In preparing for this scenario, public actors, as well as social partners, should consider past examples of transition and sector downsizing. In designing retraining schemes, it is particularly important to carefully consider the impact on a workforce possibly characterised by other vulnerabilities (migrant background, low educational level).</p>	<p>Increasing awareness of the range of possibilities and favouring a net-working approach with associations and NGOs dealing with social and environmental impact and sustainable consumption. Setting up a platform of permanent cooperation between the EFFAT and Meat-Up F fire websites with a view to collecting, disseminating, and analysing information about the pork value chain.</p>
Working conditions: workplace health and safety	<p>If a high level of hygiene is a competitive factor, and increased reporting ensures a high level of hygiene, employers have an interest in securing a high level of health and safety along the value chain.</p>		<p>Introducing obligations to provide information about health and safety at work in other European languages, reflecting the workforce population.</p>	

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Issues	Denmark	Germany	Poland	Belgium	Italy
Employee voice (national and transnational level)	<p>Cross-national employee voices seem to be vital in governing international competition.</p> <p>Important vehicles for employee voices are that EWCs be supported as much as possible – as by facilitating the translation of papers and during EWC meetings. This is a solution that may ensure that employees in all countries are actually heard by management in the MNCs. In facilitating this goal, a cross-national trade union cooperation would be of great value.</p>	<p>National unions, possibly with the support and encouragement of EFFAT, need to raise their profile amongst migrant workers. Possible options include the following:</p> <p>a) Better relations between national union bodies, i.e., NGG working closer together with its Polish and Danish counterparts.</p> <p>b) Greater focus of existing EWCs on this issue (in other branches, transnational company agreements exist under which to regulate temporary agency work).</p> <p>c) The use of EU funds, possibly the European Global Fund, to financially support union campaigns and measures geared towards serving migrant labour, e.g., hiring of union officers that speak other languages.</p>	<p>Promoting best practices for cooperation between trade unions and employers in the sector in EU countries – with a view to contrasting the low level of unionization and the high fragmentation of producers.</p> <p>Supporting trade unions in small and medium-sized enterprises/reinventing a trade union formula tailored to the specificity of the sector.</p> <p>Promoting benefits for employees and employers of small and medium-sized organizations in the sector with the cooperation of trade unions.</p>	<p>Recruiting trade union representatives with migrant backgrounds, with a specific focus on more frequent groups.</p> <p>Trade unions have reported some success in this challenge when they can approach migrant workers through a union representative from a national background.</p>	<p>Moving collective bargaining from the sector to the working process: worksite collective agreements or inclusive collective agreements along the value chain.</p> <p>Starting from the most cross-cutting issues (e.g., health and safety).</p> <p>Moving the structure of union organisations from sectoral federations to confederation level.</p> <p>Testing new organising-based strategies or new forms of “mobile” worker representation (e.g., the “sindacato di strada”).</p> <p>Strengthening the role played by the EFFAT sectoral committee on pork meat, with the aim of enhancing the monitoring tools and the cooperation initiatives.</p>

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<i>Issues</i>	<i>Denmark</i>	<i>Germany</i>	<i>Poland</i>	<i>Belgium</i>	<i>Italy</i>
Enforcement	Health and safety is by and large regulated through legislation and is supported by a systematic inspections system. Using all forms of engagement to induce the correct implementation of rules and laws. – If an employer does not want to engage in negotiation on collective agreements, a trade union can do a blockade. Furthermore, other trade unions can decide that their members should not engage in delivering or picking up goods from the employer.	The EU should be encouraged to pass a law requiring Member States to improve their work on contractor liability.		Reinforcing or creating partnerships between labour inspections, social partners, and food safety inspections so as to share information on potential violations and problematic situations.	Prompting public actors to take on a more formal role (on the model of the Bologna Charter of Fundamental Rights for Digital Workers). Providing stricter sanctions in the event of fraudulent labour intermediation: in Italy that means reintroducing a criminal fine in 2018 (about 60 euros per worker per day).

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Meat-up Ffire Project - Fairness, Freedom and Industrial Relations across Europe:
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This volume gathers the results of the research carried out as part of Meat-up Ffire, a project financed by the European Commission (G.A. 2018/0014) with the aim of investigating the contribution of industrial relations structures, including social dialogue, in an important sector of the EU economy, such as the meat industry. The sector is undergoing significant changes, mainly due to the increasing level of global competition, the effects of automation, the emergence of new consumption patterns, and a renewed commitment to environmental sustainability and animal welfare. Besides, there is a widespread concern for the poor working conditions and wages, especially throughout the subcontracting chain. This is particularly evident in the pork business, that the project puts under analysis. The first part of the book takes a European approach and is dedicated to the pork value chain in Europe. The second part analyses the chain's structural characteristics and its industrial relations in the project's partner countries: Belgium, Denmark, Germany, Italy and Poland. The third part returns to a European dimension in order to investigate industrial relations in the pork value chain across Europe and provide some final recommendations for improving the governance of this chain by trade unions.

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