

French Social Partners Reach Agreement to Secure Employment

by Martina Ori

On 11 January 2013, in France, trade unions and employers' associations have signed an agreement for a new economic and social model to enhance competitiveness and to protect employment and workers' employability (in French *sécurisation*). The agreement was signed by CFDT, CFTC and CGC after months of negotiations, without the support of FO and CGT, two of the main French trade unions, which described the agreement as "unacceptable" and too "unbalanced" towards flexibility. The agreement is nonetheless of paramount importance both for the significant changes it brings about and for the role played by social dialogue, as social partners have worked together in the attempt to strike a balance between competitiveness and workers' protection.

The agreement consists of 28 articles and include the following measures:

Complementary health care

Companies must provide employees with an additional health care insurance by taking out a policy with an insurance agency or a joint body. It will be financed by both employers and employees, and workers who lose their jobs will retain the right to supplementary medical care for the following 12 months (currently 9 months).

Possibility to retain earned unemployment benefits

The agreement introduces "rechargeable" entitlements to unemployment benefits (*assurance-chômage*), allowing unemployed workers to retain earned unemployment benefits when they go back to work, which they can use in the event of a subsequent period of unemployment. The agreement also increases welfare charges paid by employers on fixed-term contracts, up to 7% for contracts lasting less than one month, 5.5% for contracts between one and three months and 4.5% for contracts of less than three months concluded in those sectors where open-ended contracts are usually uncommon due to the temporary or seasonal nature of the job. In addition, employers hiring young workers under the age of 26 will be exempted from paying contributions for the first 3 months (or for the first 4 months in firms with less than 50 employees) if the employment relationship continues beyond the probationary period.

Easier Access to Training (*Compte personnel de formation* – "Training hours account")

Social partners have also provided for the introduction of an individual "training hours account", allowing workers to carry earned training hours entitlements from one job to another. The "account" amounts to 20 hours per year for a full-time employee, or less in the case of part-time or temporary work, up to a maximum of 120 hours. Employees can make use of training hours with prior consent from the employer who can also require employees to take part in training activities if these comply with training priorities established by Government and social partners or as defined in the agreement signed on 7 January 2009. Employers can advance training hours to allow employees to access longer training programmes aimed at achieving a qualification or certification. Young workers with temporary contracts will be able to make use of training hours provided they have

worked 4 consecutive months during the previous 28 months, while those with no qualifications can access training even before taking up their first employment.

Voluntary external mobility

Employees can spend a period working at a different company retaining the right to go back to their previous job at the end of the period. Any employee with at least two years' service within companies with more than 300 workers may agree with the employer to work at another company for a limited time. At the end of the period, workers can go back to their previous position to carry out the same or different tasks with at least the same salary they received before.

Part-time work

In those sectors where at least one third of employees works part-time, negotiations will take place in the next months to regulate part-time working schemes. Minimum working time is 24 hours a week. A lower number of hours is permitted in the case a worker is employed in private households or for students under the age of 26, as well as for workers requiring a reduction in working hours at one workplace to be able to take up another job elsewhere. Overtime work will be paid at a higher rate, i.e. 10% more than the base salary up to a tenth of the weekly or monthly working time, and 25% in other cases.

Information and workers' representation

Companies must set up and regularly update a database with easy accessible data containing plans and strategies for the following three years that must be made available to workers' representatives, who on their turn commit to strict confidentiality. In addition, workers' representatives in companies with over 10,000 employees, and with 5,000 of whom working in France, have the right to vote in company boards. To this end, two representatives will be elected in firms with more than 12 board members (and 1 in the other cases).

Internal mobility

Companies may conclude agreements requiring workers, if necessary, to change job or location within the same enterprise, provided this does not result in a reduction in pay or in workers' classification. Any employee rejecting the proposal can be fired for "personal reasons", though not for "economic reasons".

Job-security agreements (*Accords de maintien dans l'emploi*)

These agreements allow companies facing "tough times" to cut wages and/or working hours. In turns employees will have their job guaranteed. These agreements must be signed by unions representing at least 50% of company workers and cannot last longer than two years. Those unwilling to comply can be dismissed "for economic reasons". Agreements will also indicate the procedure to share economic gains deriving from flexible schemes once they have expired.

Layoffs

Collective agreements will lay down the procedures to carry out collective dismissals for economic reasons of more than 10 employees over a 30-day period in companies with at least 50 employees. Agreements must be signed by the main trade unions and can deviate from the Labour Code to determine the number of meetings to be held with trade union representatives, required documents, dismissal procedures, and must also include the so-called "redundancy plan". The validity of the agreement must be challenged within three months, while employees have 12 months to appeal the redundancy decision. If no agreement is reached, the employer may submit the "redundancy plan" to works councils and to regional regulators (*Dirrecte*) for approval. *Dirrecte* must reply within 2 months in the case of layoffs affecting 10 to 99 workers, 3 months for 100-249 workers and 4 months for more than 250 workers.

The agreement also allows direct access to intermittent work contracts by companies with less than 50 employees, with a view to retaining workers in jobs characterised by alternating periods of work and inactivity. Monthly salary must not necessarily be related to the actual monthly or weekly working time.

Conciliation procedures

In case of dismissal disputes, the parties may agree on a lump-sum payment on the part of the employer varying according to the length of service, ranging from 2 months' salary for those with less than 2 years of service, to up to 14 months for those with over 25 years of service.

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