

The duration, ultra-activity and retro-activity of collective agreements

The detailed description of the building blocks of collective bargaining mainly relies on information provided by the responses to the policy questionnaires that were sent to Labour Ministries, employer organisations and trade unions in 2016. The information reported in the questionnaires represents the situation in **December 2015**.

The focus is on collective bargaining practices in the **private sector**. Unless otherwise stated, the information refers to the **entire economy** (but the actual application and use of certain instruments may differ across sectors). In the case of institutional differences across sectors, the answers focus on what is applicable in the agreement that prevails for the manufacturing sector (in case of differences within the manufacturing sector, for the metal workers).

All OECD and accession countries have filled in the questionnaire. Canada has sent detailed answers for the Federal level and the four biggest provinces (Alberta, British Columbia, Ontario and Québec). The information collected via the policy questionnaires has been complemented and cross-checked with existing data sources (in particular using data from ICTWSS, Eurofound, European Commission, ILO and various individual- and firm-level surveys and administrative data) and the relevant research literature.

The detailed description of the building blocks of collective bargaining could not have been prepared without the tireless co-operation of the Labour and Employment Ministry staff in OECD and accession countries as well as of the staff of many national employer associations and unions in completing the policy questionnaires on collective bargaining that underpin the analysis. The work has also benefitted from helpful discussions and suggestions from the participants at two OECD experts meetings on collective bargaining. The views expressed here cannot be attributed to any of the people, organisations and governments that helped the Secretariat during the research and drafting process.

	Duration			Ultra-activity	Retroactivity	
	Average duration (in months)	Maximum duration of collective agreements	Can contracting parties terminate an agreement before its expiry date?	Is maximum duration of after-life/ultra-activity of agreements fixed by law?	Do firms have to pay arrears in case of late renewal?	Does retroactivity apply only to members of signatory parties or does it cover all parties?
OECD countries						
Australia	36	Firm level: set by law, 48 months.	Yes, and the agreement immediately comes to an end (termination has to be approved by the Fair Work Commission).	No rule, unlimited.	No legal obligation.	Only to signatory parties.
Austria	12	No (in some agreements this is fixed by SP, in practice wage agreements are bargained every year).	SP can terminate agreements but they have to comply with notice periods which are established in the agreements (if no conditions, each party can terminate after one year with a notice of three months).	No rule.	No	To signatory parties including the non-UMs in member firms of signatory EO.
Belgium	24	No, can be either fixed term or indefinite.	Yes, according to the rules fixed in the agreement: for instance by giving a notice period of three months.	No, but SP can agree.	No legal obligation, but parties may agree on that.	All firms and workers (12 months retroactivity for extensions).
Canada	43	No	In Alberta and Québec the agreement must be renegotiated.	No rule.	Yes in Alberta. No legal obligation but parties may agree on that in British Columbia, Ontario and Québec.	Only to signatory parties.
Chile	36	Firm level: set by law, 48 months.	Yes, the CA comes to an end.	-	No	-
Czech Republic	12	<ul style="list-style-type: none"> • Cross-sectoral level: - . • Firm and Sectoral levels: Yes, agreed by SP. 	<ul style="list-style-type: none"> • Cross-sectoral level: - . • Firm and Sectoral levels: Yes but parties have to (or usually do) renegotiate it. 	No rule.	No	To signatory parties including the non-UMs in member firms of signatory EO.
Denmark	..	Sectoral level: Yes, agreed by SP (at least in the manufacturing sector), usually 36 months.	No, agreements remain valid until the end.	No, but SP can agree.	Yes	To signatory parties including the non-UMs in member firms of signatory EO.

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Estonia	12	Yes, set by law but can be changed by SP.	Yes and the agreement immediately comes to an end (only if there is a good reason).	No rule.	No	-
Finland	24	No	<ul style="list-style-type: none"> • Cross-sectoral level: No, <i>pacta sunt servanda</i>. • Firm and sectoral levels: Yes and the agreement comes to an end after the notice period. 	No rule.	No	All firms and workers.
France	..	No (usually there is no end date, but in the rare cases where there is an end date, maximum five years).	Yes, but parties have to renegotiate it (not in the rare cases of fixed-term CA).	For permanent agreements, if notice is given, 15 months of ultra-activity and possibility to prolonge them. For fixed-term, no limit to ultra-activity.	No	-
Germany	..	<ul style="list-style-type: none"> • Cross-sectoral level: -. • Firm and Sectoral levels: Yes, if agreed by SP. 	<ul style="list-style-type: none"> • Cross-sectoral level: -. • Firm and Sectoral levels: Yes and the agreement comes to an end. 	No rule.	No	The agreement itself applies retroactively only to the members of the signatory parties. Retroactivity can also apply to non-unionised workers if a reference to the agreement is made in their employment contracts. In case of an extension, retroactivity has to be ordered by the authority extending the agreement.
Greece	..	Yes, by law, 36 months (at firm and sectoral levels).	Yes, the CA comes to an end (at firm, sectoral and cross-sectoral levels).	Yes, three months.	Yes	Only to signatory parties.
Hungary	12	No	Three month notice but at least six months after its entry into force.	No, but SP can agree.	No legal obligation, but parties may agree on that.	-

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Iceland	24-36	Yes, agreed by SP (otherwise on year) at firm and sectoral levels.	No, agreements remain valid until the end.	In the absence of termination notice the agreement is automatically renewed for one year.	No legal obligation but parties may agree.	All firms and workers.
Ireland	..	No	-	No rule.	No legal obligation, but parties may agree on that.	All firm and workers.
Israel	24	Yes, agreed by SP (at firm and sectoral levels).	Yes but parties have to renegotiate it.	Yes, but SP can deviate.	No	-
Italy	..	Yes, agreed by SP, 36 months (at firm and sectoral levels).	No, agreements remain valid until the end.	No rule.	Yes	All firms and workers (also those covered by extensions).
Japan	..	Firm level: set by law, 36 months.	Yes if both contracting parties agree.	No rule.	-	-
Korea	24(12)	Set by law (at firm and sectoral levels).	No, agreements remain valid until the end.	Yes, but SP can deviate.	Yes	Only to signatory parties.
Latvia	12	Yes, but can be changed, 12 months (at firm and sectoral levels).	Yes, immediate end (at firm, sectoral and cross-sectoral levels). Need of agreement between parties and notice of termination.	No, but SP can agree on it.	No legal obligation, but parties may agree on that.	To signatory parties including the non-UMs in member firms of signatory EO.
Luxembourg	..	Set by law, 36 months (at firm and sectoral levels).	No, agreements remain valid until the end.	Yes, but SP can deviate (12 months).	No legal obligation, but parties may agree on that.	To signatory parties including the non-UMs in member firms of signatory EO.
Mexico	12	Yes, agreed by SP (agreements can be fixed-term or indefinite, but wages have to be revised every year), 12 months (at firm and sectoral levels).	No, agreements remain valid until the end.	No, but SP can agree on it.	No	To signatory parties including the non-UMs in member firms of signatory EO.

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Netherlands	12	• Cross-sectoral level: -. • Firm and sectoral levels: Yes, by law, 60 months.	• Cross-sectoral level: -. • Firm and sectoral levels: Yes, but parties have to renegotiate it.	No rule.	No legal obligation, but parties may agree on that.	To signatory parties including the non-UMs in member firms of signatory EO.
New Zealand	24	Firm level: Yes, by law, 36 months.	-	Yes, max 12 months where negotiations for replacing have begun before the expiry of the previous collective agreement.	No	Only to signatory parties.
Norway	24	Yes, by law 36 months, but the SPs are free to agree on other terms of duration, usually 24 months (at firm and sectoral levels).	No, agreements remain valid until the end.	No rule.	Yes	To signatory parties including the non-UMs in member firms of signatory EO.
Portugal	43	No	Yes, but parties have to renegotiate it.	12 months unless stated otherwise in the agreement.	No legal obligation.	To signatory parties including the non-UMs in member firms of signatory EO.
Slovak Republic	12	Yes, agreed by SP (at firm and sectoral levels).	Yes, but parties have to renegotiate it.	Yes, 12 months.	No	-
Slovenia	12	No but some sectors may have it (from one to several years).	After two years, parties in metal industry may give three month notice.	Yes, 12 months.	No legal obligation, but parties may agree on that.	To signatory parties including the non-UMs in member firms of signatory EO.
Spain	12	Yes, agreed by SP (at firm and sectoral levels).	Yes, but parties have to renegotiate it.	Yes, but SP can deviate from it (12 months).	No legal obligation, but parties usually agree on that.	All firms and workers.
Sweden	36	It is left to SP (most agreements have a termination date, some are indefinite). In manufacturing: 36 months.	Yes but parties have to renegotiate it with notice for indefinite, 12 in advance for sector.	No rule.	No legal obligation, but parties may agree on that.	To signatory parties including the non-UMs in member firms of signatory EO.
Switzerland	12-36	Yes, agreed by SP (at firm and sectoral levels).	Yes and the agreement immediately comes to an end within a fix term.	No, but SP can agree.	No legal obligation, but parties may agree on that.	Only to signatory parties.

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Turkey	12	Sectoral level: set by law but can be changed by SP, 36 months.	No, agreements remain valid until the end.	No rule.	Yes	Only to signatory parties.
United Kingdom	..	No	-	-	-	-
United States	..	Firm level: Yes, agreed by SP.	Yes, but parties have to renegotiate it.	-	-	-
OECD Accession countries						
Colombia	24	Firm level: set by law but can be changed by SP.	..	No, but SP can agree on it.	Yes	All firm and workers.
Costa Rica	24	Firm level: set by law but can be changed by SP, 36 months.	..	No, but SP can agree on it.	No legal obligation, but parties may agree on that.	All firm and workers.
Lithuania	12	No	It may be terminated in the cases and in accordance with the procedure established in the agreement.	No rule.	No legal obligation, but parties may agree on that.	-

..: Information not available; -: Not applicable; CA: Collective Agreement; EO: Employer Organisation; SP: Social Partners; TU: Trade Union; UM: Union Member.

Firm-level agreement: company-level collective agreements between an employer and a trade union or between an employer and an employee body, elected and/or mandated by the company's staff.

Retroactivity: extension of the provisions of a newly signed agreement to a period before its actual signature or extension (usually to the period between the expiration of the previous agreement and the entry into force of the new one). Usually it implies the payment of arrears corresponding to the increase in negotiated wages.

Ultra-activity or after-life: validity of the agreement beyond its termination date.

Source: OECD Policy Questionnaires.

Disclaimer: Information for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

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