

# Use and coverage of extensions

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.

	Use of extensions of sectoral collective agreements	Procedure	Representativeness criteria	Public interest criteria	Exemptions or possibility of appeal
<b>OECD countries</b>					
Austria	Yes, but uncommon.	Extensions are rarely issued. Compulsory membership to an EO for all firms works as a functional equivalent keeping CA coverage high. When they are issued, a formal request is always necessary. The extension must be requested by one of the parties. The ultimate decision is taken by a tripartite body.	The agreement must have overwhelming importance (>50% in the whole branch) for the industry.	No	There are no exemptions but the decision can be appealed.
Belgium	Yes, very common.	Extensions are issued by Royal Decree upon a formal request from the joint committee that concluded the agreement.	SP have to be representative (based on membership and mandates at elections).	No	There are no exemptions but the decision can be appealed.
Czech Republic	Yes, but uncommon.	Extensions are issued by the Government upon a formal request of one of the parties.	Members of the EO have to employ the largest number of employees in the sector. TUs have to represent the largest group of employees.	No	Exemption only <i>ex lege</i> : i.e. less than 20 employees, insolvency and bankruptcy, other higher CA binding for the employer.
Estonia	Yes, but rare.	An extension of the terms on base wages, other wage components and working time can be included in the agreement itself with a clause. The agreement needs to be registered in the Estonian Collective Agreement register administered by the Labour Ministry.	The agreement can be extended only if it is signed by an association or a federation of employers.	No	No
Finland	Yes	The extension can be issued without request by a special body in the Ministry of Social Affairs and health.	The CA must be nationwide and representative for the sector concerned (>50% employees covered).	No	There are no exemptions but the decision can be appealed.

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France	Yes, very common.	The Ministry issues the extension (even without request) building on a motivated opinion by a Commission.	No representativeness criteria for employers. TUs need to have received >30% of votes at the last professional elections and the agreement should not be opposed by any TU having received >50% votes.	The Ministry has the possibility not to extend the agreement if its terms are in contradiction with general econ policy objectives.	There are no exemptions but the decision can be appealed.
Germany	Yes, but uncommon.	Extensions are issued by the Federal or regional governments upon request of both parties and agreement by a bipartite committee (its consent is necessary, but not sufficient, the Government is not obliged to issue the extension). Extensions under the Posted Workers Act are limited to minimum wage and other minimum conditions.	Until 2015 the agreement had to cover >50% of employees in the sector. Since 2015, the CA must be of overriding importance. In this regard, account is to be taken not only of the number of members but, for example, also of references to the agreement and the fact that it serves as orientation in other ways.	Overriding importance is one public interest criterion. However, there are other criteria on which public interest may also be based.	The agreement may provide for exemptions or they may be ordered in the context of an extension.
Hungary	Yes, but uncommon.	Extensions are issued by the Government upon a formal request of one of the parties.	EO have to represent >50% of employees.	No	There are no exemptions but the decision can be appealed.
Iceland	No, but functional equivalent in place.	CAs apply to all workers and employers in their domain of reference.	-	-	-

	Use of extensions of sectoral collective agreements	Procedure	Representativeness criteria	Public interest criteria	Exemptions or possibility of appeal
Israel	Yes, but uncommon.	The Ministry issues the extension (even without request) upon a binding advice of a tripartite Commission.	EOs have to be the dominant organisations. The decision is at the Minister's discretion, according to the weight of the EO in the sector. The agreement has to be signed by the most representative TU.	No	Firms can be exempted but no appeal.
Italy	No, but functional equivalent in place.	There are no formal extension mechanisms but the Constitutional obligation to pay a "fair wage" is a functional equivalent because judicial practice refers to the reference CA to determine what is the level of a "fair wage".	-	-	-
Japan	Yes, but uncommon.	Extensions are issued by the Government upon a formal request of one of the parties.	EO have to represent >50% of employees in its field of application.	No	No
Latvia	Yes, but uncommon.	The agreement applies to all workers and firms if the threshold criteria are met.	EO have to represent >50% of employees or >60% of turnover in the sector.	No	No
Luxembourg	Yes	The Government can issue an extension upon request of one of the parties. The national conciliation office and the relevant Chambers representing the employees and the employers must give their support.	No	No	No
Mexico	Yes, but uncommon.	Extensions are issued by the Government upon a formal request of both parties.	No	No	Exemptions are rare but the decision can be appealed.

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Netherlands	Yes, common.	The Ministry issues the extension upon request of one of the parties.	EO have to represent >60% of employees (or >55% employees with additional scrutiny).	Extensions can be refused on grounds that they conflict with general interest.	Firms can be exempted (criteria for exemptions have to be clearly specified in the sectoral agreement in order to grant its extension) but no appeal.
Norway	Yes, but rare.	The Ministry issues the extension building on the decision by the Tariff Board usually upon request of one of the parties but can also proceed without.	No	Extensions are issued when non-Norwegian workers are proven to work or could work on terms that are overall worse than the standard set by the CA. Extensions are not issued when only Norwegian workers are employed.	No
Portugal	Yes	The Government issues the extension upon request of one of the parties.	EO have to represent >50% of employees or >30% of members of the signing employers' association are micro, small and medium enterprises (no threshold if the request for extension excludes micro, small and medium-sized enterprises).	Based on case-by-case assessment. Extensions are granted only in the absence of another agreement and based on social and economic circumstances justifying the required extension, namely the economic and social identity or similarity of situations in the scope of extension and in the instrument.	Extensions can be appealed and firms can be exempted (but rare).
Slovak Republic	Yes, but uncommon.	The Government issues the extension upon request and follows a binding advice of a tripartite Commission.	Yes for employers.	No	Firms can be exempted but no appeal.
Slovenia	Yes	The Government issues the extension upon request.	Employers have to cover >50% of employees concerned and TUs must be representative.	No	There are no exemptions but the decision can be appealed.

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Spain	No, but functional equivalent in place.	According to the Spanish " <i>Estatuto de los trabajadores</i> ", CAs apply to all workers and employers in their domain of reference.	-	-	-
Switzerland	Yes	Extensions are issued by the Government upon a formal request of all the parties.	EO have to represent >50% of firms and their members must occupy >50% of employees in the sector (but there can be exemptions to this criterion), TUs >50% of employees.	Yes	No
Turkey	Yes, but uncommon.	The Government issues the extension upon request and follows a binding advice of a tripartite Commission.	Signed with the most representative TU in the branch.	No	No
<b>OECD accession countries</b>					
Lithuania	Yes, but uncommon.	The Government issues the extension upon request of one of the parties.	No	No	No

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

*Note:* Extension mechanisms do not exist in Australia, Canada (except in Québec where they are rare), Chile, Colombia, Costa Rica, Denmark, Greece (since 2011), Ireland, Korea, New Zealand, Poland (legally possible but not used), Sweden, the United Kingdom and the United States.

Extension or administrative extension: extending the terms of collective agreements at sectoral level also to workers in firms which have not signed the agreement or are not affiliated to an employer organisation which signed the agreement. This also includes automatic extensions which therefore do not need a formal legal act but rely on standard administrative practice or jurisprudence (for instance, relating to the setting of minimum wages, working hours or social insurance contributions and entitlements).

*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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