



## Action Plan on Cross Border Mobility in the Baltic Sea Region

### PART I: BACKGROUND

#### I. 1. PURPOSE OF THE ACTION PLAN

The Baltic Sea Labour Forum (BSLF) was established in November 2011 in order to support a positive development of the labour markets in the Baltic Sea Region through social dialogue and co-operation between the social partners and the Baltic Sea states. Today BSLF has 27 members and 7 observers representing social partners and states. Its main event is the Annual Round Table Conference.

The Enlarged Steering Committee of the BSLF has decided to establish a working group on cross border mobility. This Action Plan will be presented on the Round Table Conference in Helsinki on 1 November 2013.

The purpose of this Action Plan is

- a) to convey background information and analyses on cross border mobility,
- b) to facilitate cross border mobility activities initiated by the BSLF members ,
- c) to present the recommendations of the BSLF working group on cross border mobility.

#### I. 2. CROSS BORDER MOBILITY

1.

The picture of cross border mobility is varied. It can be temporary or long lasting. In addition the definition of mobility is varied as well and can be seen from different perspectives.

In every case the geographical and professional mobility of workers is a useful tool for a good labour market functioning and positively contributes to reducing the mismatch between labour demand and supply, decreasing bottle necks in specific sectors and professions. Geographic mobility can contribute to upwards convergence of working and living conditions. Furthermore, geographical and occupational mobility has also a significant impact on the growth and employment levels.

But there are also many challenges and barriers for cross border mobility. Some of the more obvious barriers are the lack of language competences and the problem with the recognition of qualifications and professional experience. Additionally there are cultural, sociological and psychological barriers and overcoming them requires long-haul efforts at all levels. A profound and complicated issue is that mobile workforce is vulnerable to unfair labour conditions.

2.

The Baltic Sea Labour Forum wants to promote well-functioning labour markets in the Baltic Sea Region. We want to contribute to the attractiveness of the region for living and working and to support the economic growth in the Baltic Sea Region. The mobility of labour plays an important role in increasing prosperity and welfare and brings considerable added value for both workers, companies and

society, through better matching of skills supply and demand, better functioning of the single market and more prosperity. At the same time labour mobility causes challenges, too, which need to be examined further. In this Action Plan we try to improve the positive prospects and find solutions to tackle the existing problems (see Part II. 2. of this Action Plan).

Competitiveness and productivity are essential in order to succeed in the global competition. We need to keep production in the BSR as well as a sustainable economic approach. In addition we have to support a sustainable economic growth to encourage investments. Connected with this the Baltic Sea Region should compete by high standard products, knowledge-intensive services and know-how of the employees. A qualified workforce produces qualified products.

Education, training, lifelong learning and good working environments are therefore key words when talking about improving social and economic development in the Baltic Sea Region. It is of the fundamental importance that the workforce has relevant skills and can move wherever and whenever it is needed without unnecessary obstacles. In addition, the demographic development is difficult in the region and plays an important role in the context of tackling the lack of skilled work force.

Fairness in the labour markets is beneficial as well. It promotes commitment to competitiveness and productivity. Comparable treatment of workers regardless of their country of origin and fair competition between companies based on respect for industrial relations and collective bargaining systems are key elements in creating fair labour markets.

3.

Better provision of information, advice and support to foreign workers and employers about their rights and responsibilities would help to increase the level of mobility in the Baltic Sea Region and secure fair working conditions according to EU-law or national regulations and traditions.

The provision of information for foreign workers and employers must therefore be facilitated and easy to access and understand e.g. through one-stop-shops or welcome centers where workers and companies can get all the information they need concerning their rights and responsibilities.

4.

In the Baltic Sea region the Nordic countries and Germany have had the advantage of receiving capable work force from abroad while Russia, Poland, Estonia, Latvia and Lithuania have lost it. That is partly negative for the latter countries, but it has positive aspects as well. Workers can return with new skills and while working abroad they often send money to their families, thus stimulating the economy.

**This Action Plan will focus on mobile workforce in general and the impacts mobile workforce has for everyone. However, we do not focus on questions about immigration: In the Baltic Sea region there are eight EU-countries, one EFTA country and Russia which is a strategic partner to the EU. Labour movement is free in the EU, while visas are still needed between the EU countries and Russia.**

**Therefore we support the gradual elimination of obstacles in accordance with outcomes of the EU-Russia cooperation in the framework of the visa dialogue, and to pursue the efforts for a gradual phasing out of the visa regime between EU and Russia.**

## **PART II: BENEFITS AND CHALLENGES OF MOBILITY**

### **II. 1. BENEFITS**

**For enterprises, benefits include e.g.**

- stimulation of economy;
- support of sustainable economic growth and encourage of investments;
- entrance into new economic markets;
- increased possibilities to get capable work force;
- new skills, knowledge and competences;
- innovations and cooperation opportunities;
- replacements for labour shortages;
- increasing competitive ability.

**For employees, benefits include e.g.**

- better career opportunities;
- new tasks and responsibilities;
- possibility for better wages and working conditions;
- getting intercultural capacities and experiences;
- avoiding times of unemployment;
- basic right for EU-citizens.

**For societies, benefits include e.g.**

- stimulating economy, better revenue;
- better pooling and circulation of talent, knowledge and skills;
- increasing possibilities for innovation policies;
- better chances for economic growth and competitiveness.

### **II. 2. CHALLENGES**

**For enterprises, challenges include e.g.**

- legal distinctions especially referring to national tax law, immigration law, social security, labour law, the role of social partners, collective agreements;
- administrative procedures can be protracted and complicated;
- differences in governmental practice (notification requirements, obligation to report etc.);
- lack of systematical information for enterprises concerning the legal distinctions and the differences in governmental practice;
- creating a welcoming culture within the enterprises for foreign employees;
- multicultural staff creates need for new knowhow and language skills;
- better recognition of skills and transparency in qualifications.

**For employees, challenges include e.g.**

- legal distinctions especially referring to national tax law, immigration law, social security, labour law, the role of social partners, collective agreements;
- differences in governmental practice (notification requirements, obligation to report etc.);
- lack of systematical information for employees concerning the legal distinctions and the differences in governmental practice;
- difficulties in recognition of diplomas and qualifications;
- creating a welcoming culture within the enterprises for foreign employees;
- undeclared work does not create social security and pension contributions;
- lack of adherence to minimum standards concerning mobile workers;
- potentially troubling family life, if leaving without the family, especially if children are left at home by both parents;
- multicultural co-workers creates a need to understand different working cultures and behavior.

**For societies, challenges include e.g.**

- legal distinctions especially referring to national tax law, immigration law, social security, labour law, the role of social partners, collective agreements;
- differences in governmental practice (notification requirements, obligation to report etc.);
- lack of systematical information;
- potential tensions in the society if the share of the foreign workers becomes very large;
- cases of undeclared work can have several negative social and economic effects on society as a whole (e.g. lack of tax incomes);
- some sectors of economics within some countries (labour force sending countries) suffer from loss of their workforce, especially where there is excessive “brain drain”.

**PART III: MEANS AND MEASURES TO FACILITATE MOBILITY****III. 1. GENERAL REMARKS**

Better provision of structured and targeted information, advice and support to migrant workers and employers about their rights and responsibilities would help to increase the level of mobility within the EU member states as well as between the EU and Russia. In addition it would secure fair working conditions according to EU-law or national regulations and traditions. The provision of information for migrant workers and employers must therefore be facilitated and easy to access and understand e.g. through one-stop-shops or welcome centers where workers and companies can get all the information they need concerning their rights and responsibilities.

Guidance is needed for example as regards taxes, social security, notification requirements, housing, labour laws and collective agreements. In the Baltic Sea region only Russia is outside the EU or EEA. The situation is different for migrant workers, but nevertheless, many challenges are similar.

### **III. 2. CRITERIA**

#### **For the employment of foreign employees or an assignment abroad, businesses located in the Baltic Sea States would benefit from**

- useful, comparable and well-structured information about the national tax law, immigration law, social security, labour law, the role of social partners, collective agreements;
- useful and well-structured information about the national governmental practice (notification requirements, obligation to report etc.);
- a website where companies can find systematical information for enterprises concerning the legal distinctions and the differences in governmental practice as well as contact persons for concrete legal matters and questions;
- support for creating a welcoming culture within the enterprises for foreign employees.

#### **For an assignment abroad, employees would benefit from:**

- useful and well-structured information about the national tax law, immigration law, social security, labour law, the role of social partners, collective agreements;
- useful and well-structured information about the national governmental practice (notification requirements, obligation to report etc.);
- a website where employees can find systematical information for employees concerning the legal distinctions and the differences in governmental practice as well as contact persons for concrete legal matters and questions;
- support for better understanding and acceptance of new cultures and behavior.

## **PART IV: DEMANDS AND RECOMMENDATIONS**

### **The BSLF calls on the governments of the Baltic Sea States and the CBSS**

#### **a) to concentrate support services to information centers in every country in order to offer better services in several languages.**

Guidance could be given via telephone, e-mail and internet. In addition the co-operation between the information centers should be more systematic and close.

#### **b) to increase the level of information about mobility issues.**

The social partners in the Baltic Sea region are very engaged to help their members with general information and guidance about social security, labour law and collective agreements in other countries as far as possible. With regard to mobile workforce there is a lot of information available but often it is difficult to find information which is relevant, well-structured and user-friendly. It is important to be able to ask questions directly and get straight answers.

#### **c) to enhance and improve the advisory service of the EURES information centers.**

The information service "Hello Norden" is a commendable example. It aims at facilitating freedom of movement for private individuals in the Nordic region. On its website one can read about the rules that apply when moving to, studying or working in the Nordic countries. One can also ask questions

about the specific situation in Swedish, Danish, Norwegian, Finnish and Icelandic. In addition we know that the advisory service of the EURES information centers play an important role. Many employees and employers consult the EURES information centers every day with questions round about cross border mobility. In the Baltic Sea Region there are only 3 of 20 EURES information centers: EURES cross-border Denmark-Germany; Öresund (Denmark-Sweden) and Tornedalen (Sweden-Finland).

More EURES information centers should be build up and help employers and employees with their special knowledge about taxation, living and working conditions, social security etc. Furthermore, there are also other interesting examples such as the “Central Baltic Job Ferry” platform. This is a common multilingual internet platform for mobile job seekers interested in employment in the in the Baltic Sea States between Latvia, Estonia and southern parts of Finland and Sweden.

**d) to improve statistics about labour markets and mobility.**

Labour market statistics, such as migrant flows, should be improved in the Baltic Sea region as well. There is currently a lack of information. We are aware of the problem that getting reliable labour market data is not easy.

For this reason we recommend the Council of the Baltic Sea States (CBSS) to inquire if cooperation between the relevant authorities in the States of the Baltic Sea Region could be started.

**e) to work for better regulation and monitoring on cross border mobility.**

The European Union is an important actor in creating regulations which have an impact in the Baltic Sea Region. EU legislation should be more explicit; unclear directives cause extra work and produce uncertainty and confusion. Clear regulations are important for all stakeholders. Societies should provide sufficient resources for monitoring the implementation of regulations. In addition an investment friendly and predictable framework should be created in the European Union. In this context we would like to emphasize that better regulation is primarily the duty of the European member states. This concerns also the level of sanctions which should be high enough in order to be effective and to have a preventive impact.

**f) to prevent and deter undeclared work.**

The Social Partners are concerned about the level of undeclared work (also known as “grey economy”, “shadow economy”) in many states of the Baltic Sea Region. We must recognize that undeclared work is a complex phenomenon resulting from an interaction of multiple causes and is a worrying practice for all: employers, workers and the states.

It creates unfair competition for businesses in labour-intensive sectors. It places workers in insecure working conditions and undermines the financing of social protection and tax systems. Undeclared work can only effectively be combated if actors at all levels are strongly committed to it.

Against this background, we are looking forward to the results and the proposed follow-up measures of the consultation of the social partners by the European commission on enhancing the EU cooperation in the prevention and deterrence of undeclared work, which the European commission has launched on 4 July 2013.

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Helsinki, 1 November 2013

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**Annex:**

Cross border mobility of commuters is very characteristic within the Baltic Sea Region – estimated app. 130.000:

Denmark/Sweden	2,000	Sweden/Denmark	18,000
Norway/Denmark	600	Denmark/Norway	2,500
Sweden/Finland	2,400	Finland/Sweden	3,800
Germany/Denmark	9,800	Denmark/ Germany	1,000
Norway/Finland	200	Finland/Norway	1,000
Norway/Sweden	1,900	Sweden/Norway	15,900
Estonia/Latvia	500	Latvia/Estonia	1,000
Lithuania/Latvia	500	Latvia/Lithuania	1,000
Germany/Poland	460	Poland/Germany	1,940
Estonia/Finland	20,000	Finland/Estonia	1,250
Åland/ other regions – Mostly SWE/FI	730	Russia/Finland	9,000

(Source: Report “Cross-Border Commuting and Youth unemployment in the Baltic Sea Region for the 20<sup>th</sup> Baltic Sea Parliamentary Conference on August 2011” by Franz Thönnies/ Date: October 2013)

