Erasmus+ Jean Monnet Action

European Labour Law Perspectives - Enhancing the Social Pillar

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Within the Jean Monnet action EUSOCP, the Labour Law Departments at the University of Amsterdam and the University Carlos III-Madrid are issuing a monthly newsletter summarizing the development of the EU Pillar of Social Rights and including comments on EU legislation and case law in the field of Labour and Social Security Law. The newsletter is available via the following links:


The European Pillar of Social Rights is divided into three main categories in the field of employment and social policies. Each of these categories contains a number of policy domains, to which different principles are attached. The three categories are:

- Equal opportunities and access to the labour market;
- Fair working conditions (adequate and reliable balance of rights and obligations between workers and employers);
- And adequate and sustainable social protection.
For a further description of the pillar see:

**European Pillar of Social Rights**

**European Semester 2018 Spring Package: Commission issues recommendations for Member States to achieve sustainable, inclusive and long-term growth**

*May 23, 2018*

In May 2018, the European Commission has issued the annual country-specific recommendations (CSRs), setting out its economic policy guidance for Member States for the next 12 to 18 months.

Europe's economy is growing at its fastest pace in a decade, with record employment, recovering investment and improved public finances. According to the Commission’s 2018 Spring forecast, growth in the next two years will slow slightly but remain robust. The current favourable conditions should be used to make Europe's economies and societies stronger and more resilient. The new country-specific recommendations proposed build on the progress already made in recent years and aim to capitalise on the positive economic outlook to guide Member States to take further action.

The recommendations focus on strengthening the foundations for sustainable and inclusive growth in the long term. They build on the comprehensive analysis carried out by the Commission in the latest Country Reports, which highlighted legacy issues in certain Member States arising from the financial crisis and challenges for the future.

This year, the recommendations dedicate special attention to social challenges, guided by the European Pillar of Social Rights proclaimed in November 2017. There is a particular focus on ensuring the provision of adequate skills, the effectiveness and adequacy of social safety nets and improving social dialogue. Countries are also recommended to carry out reforms that prepare their workforces for the future, including future forms of work and increasing digitalisation; reduce income inequalities; and create employment opportunities, for young people in particular.

There has been a high implementation rate of reforms to promote job creation on permanent contracts and address labour market segmentation. On the other hand, recommendations in the area of health and long-term care and broadening the tax base have not yet been addressed to the same extent.

The Commission calls on the Council to adopt the country-specific recommendations, and on Member States to implement them fully and in a timely manner. EU ministers are expected to discuss the country-specific recommendations before EU Heads of State and Government are due to endorse them. It is then up to Member States to implement the recommendations by addressing them through their national economic and budgetary policies in 2018-2019.
High-level Tripartite Conference on “The European Pillar of Social Rights: Working Together to Deliver”

June 27, 2018

The high-level conference "The European Pillar of Social Rights: Working together for results" took place on 27 June in Sofia. The conference continued the debate on the social dimension of Europe in the context of the EU budget discussions for the next programming period. It also focused on discussions on the future of the cohesion policy and the European Social Fund.

The participants reviewed the implementation of the policies of the European Pillar of Social Rights a year after its proclamation by the European Commission. The key tools for achieving results – the financial resources in support of the Pillar as well as the Multiannual Financial Framework – have also been discussed.

Tripartite delegations from all EU Member States (ministers and representatives of trade unions and employers' organisations), representatives of the European institutions, European social partners and representatives of the non-governmental sector took part in the conference.

Read on: https://eu2018bg.bg/en/events/612

Report on ‘Implementing the European Pillar of Social Rights’ discussed by the European Economic and Social Committee

June 22, 2018

The European Economic and Social Committee Workers' Group hosted an extraordinary meeting in Bulgaria on 21st and 22nd June 2018 about social and economic cohesion. During the meeting, the recently study: ‘Implementing the European Pillar of Social Rights’ (published by the European Social Observatory) was presented. The report discuss what is needed to guarantee a positive social impact of the pillar.

Four key findings stand out. First, the Pillar has, within a very short time span, relaunched an ambitious EU ‘Social Agenda’ which has the potential to create new rights for citizens. Secondly, the Pillar is already strongly influencing the substantive messages of the 2018 cycle of the European Semester. Thirdly, the Social Scoreboard is a step forward but needs further refinement. Finally, national trade unions seem aware of the Pillar and are generally happy with its content but highly doubtful that they will be involved in its implementation.

To ensure effective implementation of the Pillar, the authors recommend that it should be given adequate financial resources, with a particular focus on the European Social Fund, and clearly defined governance tools through an ambitious but realistic roadmap. The EESC should play an important role in monitoring the implementation of the Pillar at EU and national levels and should act as a hub to gather and synthesise national trade unions’ and civil society’s proposals for effective implementation.
Draft report of the European Parliament Committee on Employment and Social Affairs on the proposal for a directive on transparent and predictable working conditions

May 29, 2018

In December 2017, the Commission adopted a proposal for a directive of the European Parliament and of the Council on transparent and predictable working conditions in the European Union, with the aim of improving the working conditions of EU citizens. The aim of the Commission proposal is to replace the Written Statement Directive (91/553/EEC) with a new instrument to provide transparency about working conditions for all workers and to lay down a new specific set of rights that will make it possible to improve the predictability and security of working conditions, particularly for people in non-traditional jobs. The EP Commission considers vital for the Parliament and the Council, as co-legislators, to rise to the challenge and undertake to reach an agreement on these key issues before the end of the parliamentary term in 2019.

The goals of the directive under consideration are threefold. First, it seeks to give more practical form to the rights set out in the Interinstitutional Proclamation on the European Pillar of Social Rights issued in Göteborg on 17 November 2017. In particular, it aims to help implementing a number of the principles laid down in the Pillar, in particular principles 5 (secure and adaptable employment) and 7 (information about employment conditions and protection in case of dismissals).

The proposed directive establishes a number of minimum universal rights for EU citizens and workers in response to pressing public demand and a desire to bring citizens closer to the EU by making them feel that Europe counts a great deal – i.e. That Europe counts for them, and counts on them. For example, the directive sets a six-month limit on probation periods, except where a longer period is justified. It also establishes the right to work for other employers by prohibiting ‘exclusivity’ and ‘incompatibility’ clauses, and the right to greater predictability of working hours for people with variable work schedules.

First, limitations will of course need to be set on these minimum universal rights, leaving it up to Member States to improve them, if they wish to do so. It also needs to be made clear that the practical implementation of those rights can be carried out only at the level of the individual Member States. It is also worth pointing out that the role of social dialogue and collective agreements is part of the DNA of social Europe, and social dialogue in all its forms therefore needs to be given a greater role in order to develop, supplement, improve, implement and enhance these minimum rights at national level.

Second, the directive will thereby play a major role in helping establish a social framework of legislation within which free market principles and full mobility for citizens – often referred to as the ‘level playing field’ – can be built upon. Freedom of movement for workers and citizens is an essential right for Europeans and an indispensable tool when it comes to curbing unemployment and bringing about economic and social convergence. However, the EP Committee points that those free market principles need to be established whilst basic workers’ rights, i.e. the same minimum standards for everyone, are upheld. The members of
the committee consider that the EU institutions cannot raise standards across the board by preventing mobility and competition on cost, but they cannot allow competition to undermine the social and labour rights that are so vital for workers. The states that now is the time to build on the minimum rules on employment relationships and workers’ rights, and the directive at hand does this by updating and clarifying those rules after 27 years of the Written Statement Directive. The single market will never be complete without common minimum rules on working conditions.

Lastly, the proposal has clearly also been brought forward to cover new forms of employment, both those with which we are already familiar, and those that will emerge as new technologies continue to develop at breakneck speed. In this regard, the proposal responds to recent resolutions in which Parliament has called on the Commission to review the directive to take account of new forms of employment, and to ensure that all workers enjoy a common core set of rights, regardless of the type of contract or employment relationship concerned.

According to the EP Committee, the EU is clearly keen to rule out any exploitation of, or lack of protection for, workers in new, more flexible, imaginative or adaptable forms of employment, as that would be inconsistent with the European social model. Without losing their flexibility (which is often an advantage for workers) or adaptability, these new forms of employment must not infringe minimum information and transparency rights for job seekers. The proposal suggests that all workers in the EU should be given up-to-date, detailed information on their employment relationships.

Furthermore, the draft report applauds the Commission’s efforts to clarify the personal scope of the directive by including a definition of the term ‘worker’ that will categorise the type of worker on the basis of the settled case-law of the Court of Justice of the European Union. The scope is also extended so as to restrict Member States’ leeway to exclude workers in casual or short-term employment.


European Reports/Studies

EUROFOUND Report on implications of digitalisation and platform work
May 24, 2018

A Eurofound report reviews the history of the digital revolution to date. Furthermore, it examines three key vectors of change: automation of work, the incorporation of digital technology into processes and the coordination of economic transactions through the digital networks known as ‘platforms’. In another report, Eurofound also publishes the latest developments in working life in the European Union. Main topics of interest are the commission’s social fairness package, the provisional agreement on the revision of the posting workers directive and discussion at the spring tripartite social summit for growth and employment.
Joint OECD and ILO report on key role of social dialogue in creating decent work
May 18, 2018

The OECD launched, in cooperation with the ILO, the report ‘Building trust in a changing world of work’. The report stresses the critical role of social dialogue in creating decent work and inclusive growth. It also stresses that new efforts are needed to ensure the recognition and realisation of the rights to freedom of association and collective bargaining. The report highlights the crucial role of social dialogue in enhancing the inclusiveness of labour protection and the important role played by social partners in shaping the future of work, through workplace cooperation, collective bargaining and tripartite social dialogue.

ILO report on industrial relations and convergence in Europe
May 15, 2018

The International Labour Organisation (ILO) presented and overview of the report ‘What effects of industrial relations on convergence in Europe’ earlier this month at a conference in Paris. The study highlights four ways in which industrial relations seem to have contributed to national convergence stories: 1. National social dialogue is found to have contributed to convergence 2. Collective agreements can also be an engine of convergence 3. Industrial relations are found to play a role in mitigating the effects of a crisis 4. Industrial relations increasingly help in tackling new issues and challenges that are relevant for convergence. Besides the main report ‘Convergence in the EU: what role for industrial relations?’ several presentations on specific countries are provided.

OECD interim report on structural reforms and changes in collective bargaining
May 4, 2018

The OECD published its regular report on structural reforms in policy areas that have been identified as priorities to boost incomes in OECD and selected non-OECD. The report provides data on changes in collective wage bargaining policy. The main policy priorities are updated every two years and presented in a full report, which includes individual country notes, with detailed policy recommendations to address the priorities as well as a follow-up on actions taken.

EU Case Law
Collective dismissal

June 21, 2018

Opinion of Advocate General Sharpston delivered on 21 June 2018, Joined cases C-61/17, C-62/17 and C-72/17 (Bichat, Chlubna & Walkner v Aviation Passage Service Berlin GmbH & Co. KG)

Ms. Bichat worked for Aviation Passage Service Berlin GmbH & Co. KG (‘APSB’) at Tegel Airport in Berlin. The status of the precise ownership of APSB is unclear. The referring Berlin court records that that body is an undertaking which is controlled, as a matter of law, by an undertaking named GlobalGround Berlin GmbH & Co. KG (‘GGB’). That relationship does not, however, mean that as a matter of national law GGB and APSB form part of the same group of undertakings. The referring court also states that GGB was not in a position whereby it could itself control the decision-making processes of APSB.

On 22 September 2014, a general meeting of APSB took place at which GGB, as the sole member having voting rights, resolved that APSB’s activities at, inter alia, Tegel Airport should cease entirely from 31 March 2015. On 2 January 2015, APSB informed the works council of its intention to make collective redundancies as a result of GGB having given notice to terminate its contracts in September 2014. It added that it had not been informed by GGB of the reasons leading to that notice being given but had to assume that this was because of continuing high losses, which it had proved impossible to reduce. These losses were attributed to high wage and salary costs and to restrictive rostering agreements. On 14 January 2015, representatives of the workforce replied, expressing dissatisfaction on the ground that the information provided was unduly vague and seeking clarification. Nevertheless, on 20 January 2015, APSB took the operational decision to cease its activities and on 28 January 2015 it notified the collective redundancies resulting from that decision to the Agentur für Arbeit (Employment Agency). Those redundancies were scheduled to take place no later than 31 March 2015. Also on 20 January 2015, APSB held a meeting with the workforce representatives at which it gave essentially the same reasons for the redundancies as it had on 2 January in that year. In particular, it noted that it had not been provided with the precise reasons underlying GGB’s decision to terminate the contracts.

On 27 January 2015, the workforce representatives announced their opposition to the dismissals on the ground that the alleged losses were fictitious and that GGB’s and APSB’s accounts had been manipulated. A number of challenges were brought against the collective redundancies before the Arbeitsgericht, Berlin (Labour Court, Berlin), each of which was successful. As a result, it appears that fresh redundancy notices were served and the dismissals ultimately took place on 31 January 2016. Bichat brought proceedings before the same court, alleging, inter alia, that her dismissal was in breach of Paragraph 17 of the KSchG since no proper reasons for the dismissals had been advanced. By judgment of 12 January 2016, that court dismissed Ms Bichat’s action and declared that the dismissals were valid. The appellant has brought an appeal before the Landesarbeitsgericht Berlin (Higher Labour Court, Berlin, Germany).

Since it considers that an interpretation of the provisions of Directive 98/59 relating to collective redundancies and, in particular, the concept of an ‘undertaking controlling the employer’ is required for it to give a ruling in the main proceedings, the referring court has decided to refer the following questions to the Court for a preliminary ruling:
(1) Must the notion of a controlling undertaking specified in the first subparagraph of Article 2(4) of [Directive 98/59] be understood to mean only an undertaking whose influence is ensured through shareholdings and voting rights or does a contractual or de facto influence (for example, as a result of the power of natural persons to give instructions) suffice?

(2) If the answer to Question 1 is to the effect that an influence ensured through shareholdings and voting rights is not required:

Does it constitute a “decision regarding collective redundancies” within the meaning of the first paragraph of Article 2(4) of [Directive 98/59] if the controlling undertaking imposes requirements on the employer such that it is economically necessary for the employer to effect collective redundancies?

(3) If Question 2 is answered in the affirmative:

Does the second subparagraph of Article 2(4) in conjunction with Article 2(3)(a), Article 2(3)(b)(i) and Article 2(1) of [Directive 98/59] require the workers’ representatives also to be informed of the economic or other grounds on which the controlling undertaking has taken its decisions that have led the employer to contemplate collective redundancies?

(4) Is it compatible with Article 2(4) in conjunction with Article 2(3)(a), Article 2(3)(b)(i) and Article 2(1) of [Directive 98/59] to place on workers pursuing a judicial process to assert the invalidity of their dismissal effected in the context of collective dismissals, on the basis that the employer effecting the dismissal did not properly consult the workers’ representatives, a burden of presenting the facts and adducing evidence that goes beyond presenting the indicia for a controlling influence?

(5) If Question 4 is answered in the affirmative:

What further obligations to present facts and adduce evidence may be placed on the workers in the present case pursuant to the abovementioned provisions?

In his overview of the purpose of Directive 98/59, Advocate General Sharpston already hints at his conclusion regarding the first question, where he remarks that although ‘undertaking controlling the employer’ may at first sight bring to mind notions of company law and the concept of a ‘group of companies’ within that context, a number of points should be noted. First, the directive does not use the term ‘company’ but instead talks of an ‘undertaking’. That word is capable of being considerably broader in scope. Second, there is no common EU definition of what is meant by the expression ‘group of companies’: that is a question for national law alone. Third, the circumstances in which Article 2(4) of Directive 98/59 may apply are many and varied. This needs to be seen in the context of what the Court has described as ‘an economic background marked by the increasing presence of groups of undertakings’. The simplest case will comprise an undertaking carrying on business in a single Member State and there will be only one possible undertaking that could on any basis be seen as ‘controlling’ it, also incorporated or carrying on business in the same Member State. Equally, however, that controlling undertaking may be located in another Member State or, indeed, outside the European Union entirely and it may not always be possible to determine with ease which undertaking has ‘control’. Moreover, ‘control’ can take many
forms and it is implicit in the referring court’s questions that to rely purely on the de jure aspects of that notion may lead to manipulation and even to abuse.

The question of control for the purposes of Article 2(4) of Directive 98/59 is not ‘which undertaking is the ultimate holding company of the employer?’ but ‘which undertaking can provide the necessary information to enable consultations to take place in the meaningful way which the directive contemplates?’ As far as the necessary tie between the controlling and the employer-undertaking is concerned, Advocate General Sharpston concludes that the former does not include an undertaking which is at arm’s length from the employer, such as a supplier or customer whose conduct may have an impact on the employer’s business. Rather, the employer and the undertaking having de facto control of it must share the same commercial interests in the form of a contractual or factual connection, represented by a common patrimonial interest.

Regarding the second question, the Advocate-General is of the opinion that “the employer is under a duty to start the consultation process under Directive 98/59 when it becomes aware of the adoption of a strategic decision or change in activities which compels it to contemplate or to plan for collective redundancies. Where there is an ‘undertaking controlling the employer’ for the purposes of Article 2(4) of that directive, the imposition by that undertaking on the employer of what amount to requirements that make it economically necessary for the latter to effect collective redundancies will require the employer to start the consultation process if it has not already done so.” This is in line with the Akavan case (C-44/08, EU:C:2009:533).

On the question what grounds for dismissal the representatives should be informed about, the Advocate General answers that Article 2(3) of Directive 98/59 should be interpreted as requiring the employer, in a case where, pursuant to Article 2(4), the decision regarding collective redundancies is being taken by an undertaking controlling the employer, to disclose the economic or other grounds on which the controlling undertaking has taken its decisions that have led to collective redundancies being contemplated. However, the duty of disclosure will not apply where the material in question will not serve the purpose of enabling workers’ representatives to make constructive proposals in relation to the projected redundancies. It will be for the national court having jurisdiction to find the facts to decide on the application of the relevant principles to any given proceedings.

Finally, as far as the final questions are concerned, which are basically about German law, the Advocate General has the opinion that Article 6 of Directive 98/59 should be interpreted as meaning that workers and their representatives must be in a position to enforce their rights under the directive in the same way as they would be able to enforce equivalent rights under national law. The relevant procedural rules must not be framed in such a way as to render impossible in practice or excessively difficult the exercise of those rights. It is for the national court having jurisdiction to examine and make findings on the evidence to ensure that the principles of equivalence and effectiveness and the requirement under EU law that there be effective judicial protection of those rights are satisfied. Should the applicable rules laid down by domestic law fail to reflect those principles, they must be set aside. That will be the case where, inter alia, those rules require workers’ representatives seeking to challenge collective redundancies to prove matters in respect of which they cannot, in practice, be expected to have access to the necessary information in order to do so.

Read the full opinion here:
As far as we are aware, this British case is the first case decided upon by a highest national court in relation to the legal status of so-called platform workers.

In this case, a plumber – Mr Smith – did work for Pimlico Plumbers Ltd (“Pimlico), which conducts a substantial plumbing business in London. In August 2011 Mr Smith (six years after he had started working for Pimlico) issued proceedings against Pimlico in an employment tribunal. He alleged
(a) that he had been an “employee” of Pimlico under a contract of service within the meaning of section 230(1) of the Employment Rights Act 1996 (“the Act”) and as such he complained, among other things, that Pimlico had dismissed him unfairly contrary to section 94(1) of it; and/or
(b) that he had been a “worker” for Pimlico within the meaning of section 230(3) of the Act and as such he complained that Pimlico had made an unlawful deduction from his wages contrary to section 13(1) of it; and
(c) that he had been a “worker” for Pimlico within the meaning of regulation 2(1) of the Working Time Regulations 1998 (SI 1998/1833) (“the Regulations”) and as such he complained that Pimlico had failed to pay him for the period of his statutory annual leave contrary to regulation 16 of them; and
(d) that he had been in Pimlico’s “employment” within the meaning of section 83(2)(a) of the Equality Act 2010 (“the Equality Act”) and as such he complained that both Pimlico and Mr Mullins had discriminated against him by reference to disability contrary to section 39(2) of it and had failed to make reasonable adjustments in that regard contrary to section 39(5) of it.

In the case before the Supreme Court, the first question was (unfortunately!) dropped, due to the fact that Mr Smith did not challenge the decision of the Employment Appeal Tribunal to dismiss his plea to be an “employee” under a contract of service. So the question was only whether or not Mr Smith could be qualified as a worker under British law. A worker is (a), an employee under a contract of service but also, at (b), an individual who has entered into or works under any other contract ... whereby the individual undertakes to ... perform personally any work or services for another party to the contract whose status is not by virtue of the contract that of a client or customer of any profession or business undertaking carried on by the individual.” So Mr Smith had to demonstrate that he had to perform the service personally and that Pimlico was not his client or customer. As far as the personal service was concerned, the Supreme Court held that the substitute, according to the contract between Mr Smith and Pimlico, always had to be a fellow Pimlico operative, bound by the same (elaborate) rules about conduct and appearance. This had more to do with the ability to simply swap shifts with a colleague than with the power to substitute (as is the case, for example, with someone who brings the newspaper and who is, therefore, not a worker).

Regarding the question whether Pimlico was client or customer (or not), the Court cited, inter alia, Langstaff J, in Cotswold Developments Construction Ltd v Williams [2006] IRLR 181,
where he said: “...a focus upon whether the purported worker actively markets his services as an independent person to the world in general (a person who will thus have a client or customer) on the one hand, or whether he is recruited by the principal to work for that principal as an integral part of the principal’s operations, will in most cases demonstrate on which side of the line a given person falls.” According to the Court, the Employment Tribunal was entitled to conclude that Pimlico was not a client or customer of Mr Smith.

Although this case is very factual and the definition of worker is very factual by nature, the case gives an interesting insight in how the Supreme Court weighs the different factors in order to conclude whether or not a platform worker can be labelled a worker.

Read the full judgment here:


**Coordination of social security**

*March 7, 2018*

Judgment of the Court of 15 March 2018, C-431/16, ECLI:EU:C:2018:189 (José Blanco Marqués)

**Introduction**

The request for a preliminary ruling concerns the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community. More specifically, it concerns the interpretation of Articles 4, 12 and 46a to 46c of Council Regulation (EEC) No 1408/71 of 14 June 1971 and of Articles 3, 10, 53, 54 and 55 of Regulation (EC) No 883/2004 of 29 April 2004.

The request has been made in proceedings between the Instituto Nacional de la Seguridad Social (National Institute for Social Security, Spain; ‘the INSS’) and the Tesorería General de la Seguridad Social (Social Security General Fund, Spain; ‘the TGSS’) against José Blanco Marqués. The proceedings concern the decision of the INSS to suspend the payment of the supplement to his total permanent incapacity pension because he is receiving a Swiss retirement pension.

**The dispute in the main proceedings**

Mr Blanco Marqués (1943) is the beneficiary of a Spanish pension for total permanent incapacity to perform the occupation of qualified mine electrician, due to a non-occupational disease. His status was recognised by court order of 3 June 1998 with effect from 13 January 1998. In order to establish entitlement to that pension and to determine its amount, only contributions made to the Spain social security scheme were taken into account. Mr. Blanco Marqués was at the date on which the court order took effect over 55 years of age. Therefore he was granted the 20% supplement in accordance with Article 6(1) to (3) of Decree 1646/1972. From his 65th birthday on, Mr. Blanco Marqués obtained a retirement pension from the Swiss social security scheme. The pension had effect from 1 March 2008. That pension was granted to him taking exclusively into account the contributions which he had made to the Swiss compulsory pension scheme.
On the 24th of February 2015, the INSS withdrew, with effect from 1 February 2015, the 20% supplement that Mr. Blanco Marqués had been receiving. INSS based the withdrawal on the ground that the supplement was incompatible with receiving a retirement pension, and further requested Mr. Blanco Marqués to reimburse the amount of EUR 17 340.95, corresponding to the amounts paid in respect of that supplement between 1 February 2011 and 31 January 2015, the recovery of which was not time-barred. Mr. Blanco Marqués challenged that decision before the Social Court No. 1. Afterwards, the court reached an agreement with Mr. Blanco Marqués and annulled the decision by INSS. The court stated that the 20% supplement was not incompatible with the receipt of a Swiss retirement pension, as, following from Article 46a(3)(a) of Regulation No 1408/71 or to Article 53(3)(a) of Regulation No 883/2004, there can be incompatibility only when national legislation provides, for the purpose thereof, that benefits and income acquired abroad should be taken into account. No such rule exists in Spanish law. The INSS appealed against that judgment to the High Court of Justice. Based on case-law of the High Court of Justice, INSS claimed that the 20% supplement is suspended not exclusively in the situation provided for in Article 6(4) of Decree 1646/1972, that is: when the recipient is in employment, but also when that recipient is in acquires a retirement pension in another Member State or in Switzerland, as such a retirement pension constitutes a substitute for employment income.

The High Court of Justice decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

The first question

The first question concerns whether the Spanish rule in Article 6(4) of Decree 1646/1972, as interpreted by the Supreme Court, pursuant to which the 20% supplement is suspended during the period in which the worker is in employment or receives a retirement pension, constitutes a provision on reduction of benefit for the purposes of Article 12 of Regulation No 1408/71.

The definition of a provision on reduction of benefit for the purposes of Article 12(2) of Regulation No 1408/71 is explained in settled case-law of the Court. A national rule must be regarded as a provision on reduction of benefit if the calculation which it requires to be made has the effect of reducing the amount of the pension which the person concerned may claim by reason of the fact that he receives a benefit from another Member State (Insalaca, EU:C:2002:147, paragraph 16 and van den Booren, EU:C:2013:140, paragraph 28).

The national rule must be regarded as covering the benefits received by the beneficiary in another Member State or in Switzerland, given that the Swiss Confederation, for the purposes of the application of Regulation No 1408/71, is to be equated with a Member State of the European Union (Xhymshiti, EU:C:2010:698, paragraph 31). The Court has previously decided that a national rule which provides that the supplement to a worker’s retirement pension is to be reduced by the amount of a retirement pension which the receiver may claim under the scheme of another Member State constitutes a provision for reduction of benefit for the purposes of Article 12(2) of Regulation No 1408/71 (Conti, EU:C:1998:501, paragraph 30). In that regard, so far as concerns the argument of the INSS and the TGSS, the Court has explained that national provisions for reduction of benefits cannot be rendered exempt from the conditions and limits of application laid down in Regulation No 1408/71 by categorising them as rules for calculating the amount payable or rules of evidence (Conti, EU:C:1998:501, paragraph 24, and Van Coile, EU:C:1999:560, paragraph 27).
The first question must be answered that a national rule, such as that at issue in the main proceedings, pursuant to which the 20% supplement to a total permanent incapacity pension is suspended during the period in which the beneficiary of that pension receives a retirement pension in another Member State or in Switzerland, constitutes a provision on reduction of benefit for the purposes of Article 12(2) of Regulation No 1408/71.

The second question

The second question concerns whether Article 46a(3)(a) of Regulation No 1408/71 must be interpreted as meaning that the concept of ‘legislation of the first Member State’ in that article is to be interpreted strictly, or whether it also includes the interpretation of that concept by a higher national court.

The scope of national laws, regulations or administrative provisions must be considered in the light of the interpretation given to them by national courts (Commission v United Kingdom, EU:C:1994:233, paragraph 36). Although isolated or insignificant judicial decisions cannot be taken into account, an interpretation in the case-law confirmed by a national supreme court can (Commission v Italy, EU:C:2003:656, paragraph 32).

The second question therefore can be answered that Article 46a(3)(a) of Regulation No 1408/71 must be interpreted as meaning that the concept of ‘legislation of the first Member State’ in that article is to be interpreted as including the interpretation of a provision of national law made by a supreme national court.

The third question

The third question concerns whether the 20% supplement granted to a worker drawing a total permanent incapacity pension under Spanish law and the retirement pension acquired by that same worker in Switzerland must be regarded as being of the same kind or of a different kind within the meaning of Regulation No 1408/71.

In order to answer this second question, it should be taken account that social security benefits must be regarded as being of the same kind when their purpose and object, as well as the basis on which they are calculated and the conditions for granting them, are identical. By contrast, characteristics which are purely formal need not be considered relevant criteria for the classification of the benefits (Valentini, EU:C:1983:189, paragraph 13; Schmidt, EU:C:1995:273, paragraphs 24 and 31; and De Cuyper, EU:C:2006:491, paragraph 25).

In the present case, the 20% supplement aims to protect a vulnerable group: workers aged between 55 and 65 who have been recognised as having total permanent incapacity and for whom it is difficult to find employment in an profession other than that in which they were previously engaged. The 20% supplement and the total permanent incapacity pension to which it is automatically ancillary are comparable to old-age benefits, inasmuch as they are intended to guarantee a means of subsistence to workers declared as having total permanent incapacity to carry out their regular profession and who, having reached a certain age, would in addition find it difficult to find employment in an activity other than their normal profession.

The permanent incapacity pension and its 20% supplement differ from an unemployment benefit, since the latter intends to cover the risk associated with the loss of revenue suffered by a worker following the loss of his employment although he still is able to work (De Cuyper, EU:C:2006:491, paragraph 25). The permanent incapacity pension and the 20% supplement are intended to supply the beneficiary with the financial means for him to provide
for himself during the period between the declaration of total permanent incapacity and retirement age. If someone succeeds in re-entering the labour market in different employment to that previously engaged in, the permanent incapacity pensions remains, but the 20% supplement is suspended. The suspension of the 20% supplement is intended solely to adapt the conditions for granting the total permanent incapacity pension to the beneficiary’s situation and cannot therefore mean that that benefit is of a different kind. The Court has previously ruled that in the case where a worker is receiving invalidity benefits converted into an old-age pension by virtue of the legislation of a Member State and invalidity benefits not yet converted into an old-age pension under the legislation of another Member State, the old-age pension and the invalidity benefits are to be regarded as being of the same kind (Celestre and Others, EU:C:1981:159, paragraph 11).

It follows that a 20% supplement granted to a worker receiving a total permanent incapacity pension under Spanish law and the retirement pension acquired by that same worker in Switzerland must be regarded as being of the same kind within the meaning of Regulation No 1408/71. This holds true both for the period between the declaration of total permanent incapacity made between the age of 55 and retirement age and for the period after retirement age has been reached.

**The fourth and fifth questions**

The fourth and fifth questions concern, in the event that the two benefits in question must be regarded as being of the same kind, which specific provisions of Regulation No 1408/71 as regards overlapping of benefits of the same kind are to be applied.

Article 12(2) of Regulation No 1408/71, provides provisions to prevent overlapping laid down in the legislation of a Member State may, unless that regulation provides otherwise, be relied on against persons who receive a benefit from that Member State if they can claim other social security benefits, even when those benefits are acquired under the legislation of another Member State (Insalaca, EU:C:2002:147, paragraph 22, and van den Booren, EU:C:2013:140, paragraph 29).

The specific provisions applicable to invalidity, old-age or survivors’ benefits, Article 46b(2)(a) of Regulation No 1408/71 provide that the provisions to prevent overlapping set out in national legislation are applicable to a benefit calculated in accordance with Article 46(1)(a)(i) of that regulation only when two cumulative conditions are met, that is to say, when, first, the amount of the benefit does not depend on the length of the periods of insurance or of residence completed and, secondly, the benefit is referred to in Annex IV, part D, to that regulation.

The case-file made available to the Court shows that the benefits at issue in the main proceedings meet the requirement in Article 46(1)(a)(i) of Regulation No 1408/71, as the two pensions have been calculated by the respective national institutions on the basis solely of the provisions of the legislation that they administer, without there having been any need to apply an aggregation or pro rata calculation. As for the two cumulative conditions, it is common ground that a benefit of that kind is not expressly referred to in Annex IV, part D, to Regulation No 1408/71.

Concluding, the answer to the fourth and fifth questions is that Article 46b(2)(a) of Regulation No 1408/71 must be interpreted as meaning that a national rule to prevent overlapping, for example Article 6 of Decree 1646/1972, is not applicable to a benefit
calculated in accordance with Article 46(1)(a)(i) of that regulation when that benefit is not referred to in Annex IV, part D, to that regulation.

Read full judgment on:

Coordination of social security
February 6, 2018

Judgment of the Court (Grand Chamber), 6 February 2018, C-359/16, ECLI:EU:C:2018:63
(Altun e.a. v Openbaar Ministerie)

In this case, several Bulgarian companies posted employees to Belgium. The Bulgarian companies in question had hardly any activities in Bulgaria; meaning one of the conditions for E101 certificates to be validly granted was not fulfilled. Despite this, their employees were subject to Bulgarian social security and were in possession of E101 certificates.

A request addressed to the Bulgarian authorities to cancel the E101 certificates was not adequately dealt with. As a result, the Belgian authorities took legal action to make the employees subject to Belgian social security. As part of this process, a preliminary question was put to the European Court of Justice concerning the binding power of a fraudulently obtained E101 certificate.

The Court of Justice recognised that fraud invalidates all aspects of a decision. According to the Court, a finding of fraud requires both an objective and a subjective element:

- the posting conditions are not in fact fulfilled, and;
- the failure to meet these conditions is deliberately hidden by the people concerned (e.g. by misrepresenting the situation or by withholding relevant information).

The Court underlines that when establishing fraud, the judge must safeguard the rights of defence of the parties concerned.

Finally, the Court held that Article 14(1)(a) of Council Regulation (EEC) No 1408/71, as amended and updated, and art 11(1)(a) of Council Regulation (EEC) No 574/72 should be interpreted as meaning that, when an institution of a member state to which workers had been posted made an application to the institution that had issued E101 certificates for the review and withdrawal of those certificates in the light of evidence which supported the conclusion that those certificates had been fraudulently obtained or relied on, a national court could, in the context of proceedings brought against persons suspected of having used posted workers ostensibly covered by such certificates, disregard those certificates if it found evidence of such fraud.

Following this ruling, courts in the host Member State will be entitled to hold that workers posted from other Member States are subject to the host’s social security regime if they establish fraud and the sending state has failed to reconsider the A1 certificates.
Fixed-term work — Principle of non-discrimination

June 5, 2018

Judgment of the Court of Justice of 5 June 2018, Case C-677/16, Lucía Montero Mateos v Agencia Madrileña de Atención Social de la Consejería de Políticas Sociales y Familia de la Comunidad Autónoma de Madrid

In this judgment the Court of Justice deals with a request for a preliminary ruling concerning the interpretation of Clause 4(1) of the framework agreement on fixed-term work, concluded on 18 March 1999 (‘the Framework Agreement’), which is annexed to Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP. The request was made in proceedings between Ms Lucía Montero Mateos and the Agencia Madrileña de Atención Social de la Consejería de Políticas Sociales y Familia de la Comunidad Autónoma de Madrid (Madrid Social Services Agency, Department of Social Policy and the Family, Autonomous Community of Madrid, Spain; ‘the Agency’), concerning the expiry of the temporary replacement contract under which she was engaged by that Agency.

Facts of the Case

On 13 March 2007, Ms Montero Mateos entered into a temporary replacement contract with the Agency in order to replace a permanent worker. On 1 February 2008, that contract was converted into a temporary replacement contract to cover a vacant post temporarily. The post held by Ms Montero Mateos involved working as an assistant in a residential home for elderly persons run by the Agency.

On 3 October 2009, a recruitment procedure was organised by the Comunidad de Madrid (Autonomous Community of Madrid, Spain) in order to fill such assistant posts. On 27 July 2016, the post in which Ms Montero Mateos had been employed was assigned to a person who had been selected following that procedure. As a consequence of this, Ms Montero Mateos’ temporary replacement contract ended with effect from 30 September 2016. On 14 October 2016, Ms Montero Mateos brought an action before the Social Court No 33, of Madrid against the decision to terminate her contract.

In its order for reference, that national court notes that, under her temporary replacement contract, Ms Montero Mateos carried out the same tasks as those which the person selected following the recruitment procedure. Those two workers should therefore be considered to be comparable workers for the purposes of the application of Clause 4 of the Framework Agreement on fixed-term work. Furthermore, the compensation payable on expiry of a fixed-term employment contract and the compensation payable on account of the dismissal of a comparable permanent worker on one of the grounds set out in Article 52 of the Workers’ Statute (Spanish applicable law) fall within the concept of ‘employment conditions’ within the meaning of Clause 4 of that agreement.
The referring court notes, in addition, that, under Spanish law, when the employment contract is terminated on one of the grounds set out in Article 52 of the Workers’ Statute, statutory compensation equivalent to twenty days’ remuneration per year of service with the employer is granted to the worker, irrespective of whether his employment contract or relationship is for a fixed-term or an indefinite duration. In such a case, fixed-term workers and permanent workers are thus treated in the same way.

By contrast, when a temporary replacement contract comes to an end on expiry of the term for which it was concluded, as in the present case, the worker in question does not receive any compensation.

According to the referring court, different treatment within the meaning of Clause 4 of the Framework Agreement could be found to exist in the present case only if it were accepted that the situation of a worker whose fixed-term contract terminates on expiry of the term for which it was concluded is comparable to that of a worker whose permanent contract is terminated on one of the grounds set out in Article 52 of the Workers’ Statute.

The judgment of 14 September 2016, de Diego Porras (C-596/14, EU:C:2016:683) led the Spanish courts to grant the former category of workers, on expiry of the term for which their temporary replacement contracts had been concluded, compensation equal to that granted, inter alia, to permanent workers on termination of their employment contracts on one of the grounds set out in Article 52 of the Workers’ Statute. That judgment had an impact on the Spanish labour market, which is characterised by endemic unemployment and a large number of temporary contracts. However, that judgment did not offer any answer as to whether the fact that the parties to a fixed-term contract are necessarily aware of the limited duration of the contract can justify, as regards compensation for termination of the employment relationship, different treatment as compared with that enjoyed by permanent workers whose employment contract is terminated on one of the grounds set out in Article 52 of the Workers’ Statute.

The referring court notes, in particular, that a worker employed under a temporary replacement contract concluded in order to replace a worker who has the right to retain his post cannot be unaware of the fact that he occupies that post on a provisional basis in order to meet a genuinely temporary need. By contrast, the termination of a contract of indefinite duration on one of the grounds set out in Article 52 of the Workers’ Statute, as with early termination of a fixed-term employment contract on the same grounds, results from the occurrence of an event which, although possible, had not been foreseen, and which affects the economic balance of the contract to such an extent that it is pointless or impossible for it to continue.

According to the referring court, it is therefore arguable that the expiry of a fixed-term employment contract in accordance with the terms of that contract is different, because it is foreseeable, from the termination of an employment contract on one of the grounds set out in Article 52 of the Workers’ Statute. Indeed, the termination of a contract for such a reason would, on account of it being unforeseeable, frustrate the worker’s expectations as regards the stability of the employment relationship. That could be interpreted as constituting an objective reason justifying those situations being treated differently in terms of the granting of compensation to the worker.

Question referred on preliminary ruling:
The referring Court sent the following question to the Court of Justice for a preliminary ruling:

‘Must Clause 4(1) of the [Framework Agreement] be interpreted as meaning that the termination of a temporary replacement contract concluded to cover a vacant post, on expiry of the term agreed when the contract was concluded by the employer and the worker, constitutes objective grounds justifying the Spanish legislature’s not providing, in such a case, for any compensation whatsoever for termination, whereas a comparable permanent worker dismissed on objective grounds receives compensation of twenty days’ remuneration for every year of service?’

Consideration of the question referred

By its question, the referring court asks, essentially, whether Clause 4(1) of the Framework Agreement must be interpreted as precluding national legislation which does not provide for any compensation to be paid to workers employed under a fixed-term contract concluded in order to cover a post temporarily while the selection or promotion procedure to fill the post permanently takes place, such as the temporary replacement contract at issue in the main proceedings, on expiry of the term for which that contract was concluded, whereas compensation is payable to permanent workers where their employment contract is terminated on objective grounds. The Court recalled, in that regard, that, according to Clause 1(a) of the Framework Agreement, one of its objectives is to improve the quality of fixed-term work by ensuring the application of the principle of non-discrimination. The Framework Agreement, in particular Clause 4 thereof, aims to apply the principle of non-discrimination to fixed-term workers in order to prevent an employer using such an employment relationship to deny those workers’ rights which are recognised for permanent workers (judgments of 13 September 2007, Del Cerro Alonso, C-307/05, EU:C:2007:509, paragraph 37; of 22 December 2010, Gavieiro Gavieiro and Iglesias Torres, C-444/09 and C-456/09, EU:C:2010:819, paragraph 48, and of 13 March 2014, Nierodzik, C-38/13, EU:C:2014:152, paragraph 23).

It is important to bear in mind that Clause 4(1) of the Framework Agreement prohibits, with regard to employment conditions, less favourable treatment of fixed-term workers as compared with permanent workers, on the sole grounds that they are employed for a fixed term, unless different treatment is justified on objective grounds.

The Court considers in this judgment that the compensation paid by an employer on account of the termination of an employment contract, such as that at issue in the main proceedings, falls within the concept of ‘employment conditions’ within the meaning of Clause 4(1) of the Framework Agreement.

According to the Court’s settled case-law, the principle of non-discrimination, of which Clause 4(1) of the Framework Agreement is a specific expression, requires that comparable situations should not be treated differently and different situations should not be treated alike, unless such treatment is objectively justified (see, to that effect, judgment of 8 September 2011, Rosado Santana, C-177/10, EU:C:2011:557, paragraph 65 and the case-law cited). In that regard, the principle of non-discrimination has been implemented and specifically applied by the Framework Agreement solely as regards differences in treatment as between

In the present case, the Court notices that it is clear from the evidence available to the Court that Ms Montero Mateos, when she was engaged by the Agency under a temporary replacement contract, carried out the same tasks of an assistant in a residential home for elderly persons as those that the person selected following the recruitment procedure, the purpose of that selection procedure being precisely to fill the post that Ms Montero Mateos occupied during that period with a permanent worker. Accordingly, subject to the referring court’s definitive assessment of all the relevant factors, the Court of Justice concludes that the situation of a fixed-term worker such as Ms Montero Mateos was comparable to that of a permanent worker engaged by the Agency to carry out the same tasks of an assistant in a residential home for elderly persons. Therefore, the Court continues to assessing whether there is an objective reason justifying the fact that expiry of a temporary replacement contract does not entitle the fixed-term worker concerned to payment of compensation, whereas a permanent worker receives compensation when dismissed on one of the grounds set out in Article 52 of the Spanish Workers’ Statute. According to the Court’s settled case-law, the concept of ‘objective grounds’ requires the unequal treatment found to exist to be justified by the presence of precise and specific factors, characterising the employment condition to which it relates, in the specific context in which it occurs and, on the basis of objective and transparent criteria, in order to ensure that that unequal treatment in fact responds to a genuine need, is appropriate for the purpose of attaining the objective pursued and is necessary for that purpose. Those factors may be apparent, in particular, from the specific nature of the tasks for the performance of which fixed-term contracts have been concluded and from the inherent characteristics of those tasks or, as the case may be, from pursuit of a legitimate social-policy objective of a Member State (see, inter alia, judgments of 13 September 2007, Del Cerro Alonso, C-307/05, EU:C:2007:509, paragraph 53, and of 14 September 2016, de Diego Porras, C-596/14, EU:C:2016:683, paragraph 45, as well as order of 22 March 2018, Centeno Meléndez, C-315/17, not published, EU:C:2018:207, paragraph 65).

In the present case, the Spanish Government relies on the difference between the context in which the grounds for termination referred to in Article 49(1)(c) of the Workers’ Statute arise, such as expiry of the term of a temporary replacement contract, and the context which calls for payment of the compensation provided for in the event of dismissal on one of the grounds set out in Article 52 of that statute, such as economic or technical grounds or grounds relating to the employer’s organisation or production when the number of posts lost is lower than that required in order to classify the termination of employment contracts as a ‘collective dismissal’, is required. In order to explain the different treatment at issue in the main proceedings, that government states, in essence, that in the first situation, the employment relationship terminates when an event that could have been foreseen by the worker when he entered into the temporary replacement contract occurs. That corresponds to the situation at issue in the main proceedings, where the temporary replacement contract expired with the filling of the vacant post which Ms Montero Mateos had occupied temporarily. By contrast, in the second situation, the reason underlying the payment of compensation provided for by Article 53(1)(b) of the Workers’ Statute is to compensate for the frustration of a worker’s legitimate expectation that his employment relationship would continue, as a result of his dismissal on one of the grounds set out in Article 52 of that statute.
The Court notes that Ms Montero Mateos could not have known, at the time she entered into her temporary replacement contract, the exact date on which the post she occupied under that contract would be permanently filled, nor that the duration of that contract would be unusually long. However, the fact remains that the contract expired because the reason justifying its conclusion no longer existed. That being so, the Court rules that it is for the referring court to consider whether, in the light of the fact that the point at which the contract would end was unforeseeable and its unusually long duration, the contract should be redefined as a ‘contract of indefinite duration’.

Ruling of the Court of Justice:

Clause 4(1) of the framework agreement on fixed-term work concluded on 18 March 1999, which is annexed to Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP, must be interpreted as not precluding national legislation which does not provide for any compensation to be paid to workers employed under a fixed-term contract entered into in order to cover a post temporarily while the selection or promotion procedure to fill the post permanently takes place, such as the temporary replacement contract at issue in the main proceedings, on expiry of the term for which that contract was concluded, whereas compensation is payable to permanent workers where their employment contract is terminated on objective grounds.


Events of the Project

- **Seminar:** *European Labour Law Perspectives – Enhancing the Social Pillar*, took place at the University Carlos III-Madrid on 18 & 19 January 2018, Madrid, Spain. The recordings of the presentations at this Jean Monet Seminar are available at the following links:

  1. https://arcamm.uc3m.es/arcamm_3/item/show/5fd5d75416103ff3185db4aab0b7c357
  2. https://arcamm.uc3m.es/arcamm_3/item/show/a7262a469e9bff226605a8be26a9b6b0
  3. https://arcamm.uc3m.es/arcamm_3/item/show/ea080356e304ed054ce60a231b0d7006
  4. https://arcamm.uc3m.es/arcamm_3/item/show/fb3050d315154d8ffe923d28d8107e18
  5. https://arcamm.uc3m.es/arcamm_3/item/show/6220166b54f76e83283bdfd1985bdc04

- **Summer Course:** *European Labour Law Perspectives – Enhancing the Social Pillar*, was held on 20-22 June 2018 at the Law Faculty - University of Amsterdam, the Netherlands. Venue: Nieuwe Achtergracht 166, 1018 WV, Amsterdam.

This course aimed at keeping employment specialists and labour law practitioners up-to-date by providing an overview of the latest policy developments, legislative initiatives and case law in the field of EU labour law.

**Key topics discussed**
The European Pillar of Social Rights
Workers protection in insolvency proceedings
Labour law and the on-demand economy
EU social security law
Update on the revision of the Posting of Workers legislation
Temporary agency work and flexible employment
Working time Directive
Workers involvement in the undertaking
EU Antidiscrimination Law and protection of atypical workers (fixed-term contracts, part-time workers), discrimination on grounds of gender, religion and age at work, etc.
Other recent legislative and policy developments at EU level: work-life balance and proposal on a Directive on transparent and predictable working conditions.
This conference is aimed at academics, lawyers specialised in employment and labour law, and other legal practitioners.

**Keynote speakers**
Prof. dr. Catherine Barnard
Prof. dr. Anthony Kerr
Prof. dr. Frank Hendrickx
Prof. dr. Manfred Weiss
Prof. dr. Ronald Beltzer
Prof. dr. Jaap van Slooten
Prof. dr. Evert Verhulp
Prof. dr. Mies Westerveld
Prof. dr. Auke van Hoek

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