Enhancing Economic Democracy for Posted Workers: The Case of Italy

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The report aims at analysing the practices and experiences of the Italian trade unions regarding the issue of representation of transnational posted workers. Since most of the empirical material has been collected in the context of construction unions, this report will mainly address the dynamics of the construction sector. The Italian trade union model is characterised by the union pluralism and by the presence of sectoral-based national categories (federations). The set of trade union categories gives rise to union confederations (of which CGIL, CISL and UIL are the major). Although a common structure organises them, every single category differs from others in ideological orientation, substantial organisation, identity, international cooperation and attention to phenomena of labour market transformations. Therefore, the way in which the trade union categories address the issue of migrant labour and posting workers also varies according to the impact the latter have on the productive sectors and territories. In Italy, only the transport unions and even more the construction unions have provided specific activities for the posted workers. However, these specific plans mainly concern international cooperation with other institutions, trade unions and NGOs, but have little impact on daily representation at the workplace level. Consequently, at the micro level, no ad hoc activities are planned, and the union’s interest in the posted workers emerges as a result of the general union activities.
1. Data: previous reports and interviews

According to data provided by De Wispelaere & Pacolet (2016) and based on the A1 model, Italy is still a sending country of posted workers. In 2016, around 101 thousand workers were sent by Italian companies to other member states while 61,000 were the posted workers that Italy received. Based on what emerged from interviews and previous reports (Brachini & Galossi, 2014a, 2014b) the large part of transnational posted workers are employed in the constructions and transport sectors. They come mainly from East-European Countries (Romania, Poland, Bulgaria) and they are prevalently male with an average age between 25-45 years old.

2. Posted workers in the Italian labour market: Sectorial and geographical diffusion

In Italy, the phenomenon of the transnational posting of workers is rather marginal and is widespread in a heterogeneous way both for regional areas and for economic sectors. As a matter of fact, Italy has at least two different economies and a productive structure deeply characterised by a high number of small and medium-sized enterprises. Therefore, these features seem to affect deeply both the diffusion of the posting and the action of the unions. Posted workers are mainly present in the Northern Regions, while in the Southern Regions they are less frequent due to the more informal management of labour relations which involves both Italians and migrants. However, in recent years, changes in the structure of the labour market and the phenomena of productive transformation have created the conditions for the diffusion of some common irregularities (“false” cooperatives, illegal workforce brokering). Posted workers are widely concentrated in the construction, shipbuilding and road transport sectors.

On the one hand, these sectors are characterised by being a low added-value and labour-intensive activities, and, on the other hand, by a complex subcontracting chain which undermines the system of unions’ relations.

Furthermore, geographical differences overlap with sectoral differences. For example, unionists stressed that the road transport sector seems to be affected by the phenomenon only in Northern Italy while posted workers are also present in the construction sector in some Central Regions (Tuscany, Lazio and Abruzzo). Therefore, the regional context, traditions in the organisation of industrial relations and social-political legacy could play an important role in regulating local labour markets, thus influencing the supply of tools available to the firms and the capabilities of unions to deal locally with irregularities.

3. The most widespread irregularities of posting in Italy

The issue of irregularities in the process of posting of workers is a very complex phenomenon. It may concern social security, working conditions, health and safety, labour rights, the violation of one or more provisions and, finally, the cases of false posting. Such irregularities, combined with the distortions created by the extension of the supply chains, can have a strong impact on wages and on the differentials of working (Brachini & Galossi, 2014a; Fellini et al., 2007; Lillie, 2016; Zhang & Lillie, 2015). The main advantage firms take from this system is the possibility to exploit labour cost differentials throughout the European Union by implementing shopping regime practices (Fellini et al., 2007). Indeed, both the European directives and the Italian transposing law (136/2016) stress that in determining the working conditions reference should be made to the principle of territoriality: posted workers must work with the same working
conditions of local workers and respecting the national collective agreements of receiving countries. By contrast, as regards social security contributions, the companies must refer to the principle of personality. As a result, companies must pay the social security contributions of their workers to their country of residence. Most of the irregularities in the posting originate from this difference between the principle of territoriality and the principle of personality.

a) Wage and social security irregularities. Among these irregularities, the most widespread are those related to the formation of the pay-check. Employers pay the biggest part of wages as benefits such as transfer and daily allowance (which are tax-free) and minimise the normal wage, thus obtaining an important economic advantage. These benefits do not give rise to indirect contributions (i.e. the social security contribution is a percentage of the “normal” wage) and, at the same time, they create a global remuneration equal to that of local workers.

b) Contractual irregularities: Contractual irregularities include a wide range of practices ranging from non-compliance with working conditions (working time, overtime, breaks, rest times) to the arbitrarily established remuneration. The cases of non-payment of workers’ (direct and indirect wages) are not rare. In the construction sector, one of the most widespread irregularities is the lack of registration of workers to the “Cassa Edile (construction workers security fund), which is mandatory. Also, in some cases, even the documents (e.g. A1 Model) provided by the companies are falsified. Other cases may concern the non-recognition of the specialisations and skills of workers as well as Sunday’s work.

c) Fake posting and irregularities in the process of posting. Fake posting occurs when the process of posting and the employment relationships are marked by irregularities, including the lack of real interest of the release agent and/or the recruitment of a worker in order to send him as a posted worker in another country, the absence of a previous employment relationship and failure to respect the time constraints of posting. Unionist argued that in recent years, thanks to the economic crisis, some Italian companies have started firing Italian and migrant workers and replacing them with posted workers. Sometimes, the same redundant worker was forced to move its residency to other countries to be rehired as a posted worker using the system of a letterbox company or temporary agency. Precisely, unionists emphasised that intervening in the issue of posting does not mean only intervention in support of the hyper-temporary migrant workers, but a problem of how they could guarantee protection to the Italian workers and long-term migrants involved in this fraudulent system.

d) Severe labour exploitation. In certain cases emerged that posting irregularities overlap with other labour market distortions such as illicit labour brokering (gangmaster). In addition, sometimes workers were in conditions of psychological, physical and economic subjection as a result of abuses of various kinds and blackmail (the retention of part of the salary by the intermediaries or the payment for accommodation and transport) and cases where workers were subjected to strong controls by employers or their brokers. Finally, unionists stressed that there were cases of failure to report workplace injuries and cases where injured workers were moved to their country without compensation.
4. Working and living conditions of posted workers in Italy

Regarding the working and living conditions of posted workers in Italy, they are similar to those constantly highlighted by international literature (Berntsen, 2015; Caro et al., 2015; Wagner & Lillie, 2015), but there seem to be some significant differences between transport and construction workers.

Transport: The working and living conditions of truck drivers seem to be more difficult than those of construction workers. Indeed, drivers posted workers usually face the experience of common exploitation devices even such as irregularity in working time and rest periods, but posted workers are also subject to hyper-degrading conditions due to the long periods far from their homes. In a recent union report on posted workers in Genoa (Brachini and Galossi, 2014a), the authors noted that on weekends transnational workers (both posted and transient workers) could be found in an area (not equipped) near the port where they cook, wash their clothes, rest and carry out other classic “domestic” activities. Furthermore, during the weekend, it is possible to see drivers that “camp” with their trucks, even in the rest areas of highways, and living in very bad conditions.

Construction: The working conditions of posted workers vary according to every single case. But there is also a lack of information since unionists and inspectorates have no power (except in exceptional cases) to control the accommodations. Normally, accommodations for posted workers are provided by employers or intermediaries (Caro et al., 2015). Workers often face experiences of inadequate housing conditions and socio-spatial segregation (Dølvik & Eldring, 2006; Lefebvre, 2006; Skarpelis & Brown, 2008). By way of example, in a case of irregular posting of workers in Florence (2014), the presence of 4 workers posted by Hungary (who have been living there from 4 years) was not noted by unionists who periodically entered the workplace since unionists went there mainly during the lunch break in the company canteen, but the posted workers were not present since they ate and lived in a shack placed at another point on the site (Brachini and Galossi, 2014b).

Consequently, transnational posted workers in Italy also experience spatial and social segregation. Their presence in the local contexts is almost always characterised by the separation from their colleagues and the local population. The segregation could sometimes be exacerbated by the strong control exercised by employers and intermediaries. Segregation is also the cause of linguistic difficulties. Indeed, all unionists highlighted that most of the posted workers, even in the presence of long periods of work in Italy, have great difficulty in speaking Italian.

5. Structure, diffusion and orientation of Italian Unions toward posted workers.

General Model: Trade Union Pluralism mainly through trade union confederations (set of trade union federations). Trade unions have been created with a strong ideological basis.

- Vertical organisation (from national to local offices)
- Horizontal organisation on a local basis (e.g. Work Chambers)

Autonomous organisational forms external to national union confederations (e.g. grassroots unions) on a local and national basis and characterised by the inter-branch organisation.
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representation to the posted workers on two separate levels: the national level and the local level, with a particular focus on the construction sector.

a) The national level
The national union federations are the top hierarchical body that deals with the representation of workers of a specific economic sector. Among their most important tasks, there are a) collective bargaining at the national level, b) representation of trade union interests at the negotiating meetings; c) cooperation with national institutions, d) coordination and support of territorial structures; e) international cooperation with senior trade unions and/or institutional. Concerning the issue of the transnational posting of workers, the two federations more involved are the federations of transport and construction unions.

From this empirical investigation, it emerged that these national federations are involved in various activities aiming at - above all - a) regulating the phenomenon from a legislative point of view; b) getting effective legal instruments for the protection of posted workers; c) improving the exchange of information, d) improving the union training and, finally, e) helping and supporting territorial delegations. For example, unionist stressed that they were deeply involved in the preparatory meeting with the ministry of labour for the ratification of the E.U Enforcement Directive. In this circumstance, unions have exercised great pressure to obtain the extension of the principle of joint liability also for companies that make use of the transnational provision of services. Similarly, construction unionists stressed that during the ratification of the last national collective agreement of the construction sector (2014) they wanted and obtained the mandatory registration to the Cassa Edile also for posted workers, thus guaranteeing a valid control tool to unions local branches.

• National level: federations and confederations. General political-trade union orientation, national collective agreements, stakeholders in national and international arenas, strong institutional influence, collective action on a national scale
• Local level: operative level, supplementary agreements on a territorial and company basis, substantial representation, collective action on a local and workplace scale.

6. Representing posted workers in Italy. Differences in the general, sectoral and local union approach towards the posting of workers

A large part of the literature acknowledged that posted workers are problematic for both trade union action and legal protection (Caro et al., 2015; Danaj & Sippola, 2015; Kahmann, 2006; Lillie & Sippola, 2011). On the one hand, their condition of hyper-mobility, the attitude towards the maximisation of wages and the phenomena of marginalisation, segregation and control make it rather difficult for the posted workers to meet the trade unions and institutions of the host countries. On the other hand, trade unions would also show a lack of interest for posted workers and, more generally, for temporary and hyper-mobile workers. However, the fact that posting irregularities often also affect Italian or migrant workers already present in the national labour market, coupled with a strong emphasis on the issue of the posting of workers, have helped to attract the attention of the Italian trade unions, at least of those federations directly affected by the posting system. Precisely because posting is very heterogeneously spread in Italy according to the economic sector and the different territorial areas, the different union federations have developed a very different attitude depending on the sector of reference, on their historical traditions as well as their interest in representing migrant and non-standard workers. Although largely interconnected and integrated both horizontally and vertically, we will analyse the actions of the unions in providing representation to the posted workers on two separate levels: the national level and the local level, with a particular focus on the construction sector.

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b) Specific trade union projects and international cooperation
Within the framework of European Funded projects, some trade union federations are engaged in the implementation of programs and projects aimed at addressing the issue of posting. Those projects are based on the organisation of international partnerships and aimed at consolidating international cooperation between trade unions and institutions of the European Member Countries. In particular, the Italian trade union CGIL was the leader of a project funded by the European Commission called RIDE (Rights without borders 2013-2015) which had as partners some trade unions from Slovenia, Romania and Hungary together with the European Construction Federation. The project was aimed at a) analysing the phenomenon of transnational posting; b) improving the trade unionists and labour inspectors capabilities and c) disseminating the results (including the technical tools implemented during the project). Currently, a second CGIL project called TIDE POWER - Trade unions In the DEfence of POsted Workers - is underway. The project is funded by the European Commission and conducted in partnership with some trade unions in Portugal, France and Germany, with the collaboration of the European Federation of Trade Unions and the ILO. It is a project of international cooperation aiming at, with the words of the scientific manager, «to enhance the functions of legal defence and union protection of posted workers». The project has two distinct phases: from March 2018 to September 2018: a collection of good practices at European level on the protection and representation of posted workers (to collect aspects such as information given to workers, monitoring of working conditions and application of national collective agreements). From September 2018 to the end of the project: training of trade union officials who will be in charge of assisting posted workers in ad hoc centres (opening planned of 6 territorial centres). Finally, trade unionists highlighted how the international federation tools of European trade unions are very active in lobbying with the European Commission and the European Parliament.

c) Specific constraints encountered by national trade union federations
Unionists repeatedly highlighted how their action of protection and representation of posted workers is constantly undermined by many difficulties concerning the complexity of the posting phenomenon together with the compulsive legislation, the lack of interest from the other institutions and the impossibility to access to data. In particular, they argued that despite their effort during the process of EU Directive ratification, the Italian law (136:2016) has remained, in large part, ineffective. Indeed, at present, only an implemented law has been approved. Important instruments such as the monitoring centre, which is provided by the decree 136/2016, have not been implemented while the main issue of the effective sanctions for companies has not been addressed. Another point concerns the impossibility to access to data and the inability to set up a functioning system for sharing information among different administrations because both the portal that records the mandatory communications of posting and the IMI (Internal market communication) are managed by the Ministry of Labour, to which unionists cannot directly accede. The same issues emerge in the process of communication with the institutions of member countries. The result is a cumbersome, slow and time-consuming system which often inhibits the union action: «waiting 3 or 4 months to receive information on a company registered in Romania means to invalidate our action. If that company is irregular, soon as it realises that there could be a trade union action, it closes. In 3 months it could move across all European Countries»¹. Often unions try to overcome these difficulties by using informal tools for accessing information. For instance, when it is necessary to obtain information on the regularity of foreign companies or about

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¹ Interview n° 9, Cgil, Unionist, Rome
the regularity of the social security, rather than addressing the institutions of that country. Unions turn to their offices in foreign countries whose officials manage a series of informal contacts with representatives of institutions. These offices of Italian trade unions are present throughout Europe and mainly deal with Tax and social benefit both for Italian ex-pats and for migrant workers: «We have our own office in Bucharest (not only in Bucharest but throughout Europe). Thanks to these offices, we do a bit of preventive communication to the workers who will come to work in Italy. At the same time, we can informally obtain information on companies, contributions, etc., without institutional channels. Otherwise, it would take a long time»².

One last point highlighted by the unionists concerns the difficulty in international cooperation with some trade unions of sending countries, especially with the unions of Eastern European countries. According to them, the differences in approach, tradition and trade-union style are very strong, and often these unions have a permissive attitude regarding the issue of transnational posted workers: «the posting of workers It’s not a big deal for them. What we experience as wage and social dumping, they [unions of the country of origin of posted workers] experience it as an opportunity for the economic growth. Not to mention the fact that then there are very deep differences between our union’s style, our tradition, and their style. You realise it because workers who come here from those countries are very mistrustful of unions».

7. The Local Level

The territorial branches of union federations are the operational level of the trade unions. They are responsible for the substantial unionisation of the workers, the control and monitoring activity at the territorial and company level and the implementation of the territorial and collective company agreements. Since the posting of workers is not uniformly spread within the national areas, the action of the territorial structures differs enormously according to both to the territory and to the economic sectors. In our empirical work, we collected the experience of some cases of trade union intervention (Florence, Milan, L’Aquila) mainly in the construction sector. In none of the cases analysed, territorial structures implement specialised activities targeted to control and representation of posted workers. Their meetings with posted workers prevalently emerged during the normal union activities. We can split the events that lead to the union action in two different circumstances. The first occurs when are the same posted workers to demand the support of trade unions. Although the latter is rather rare. Unionists have argued that in the few cases in which the posted workers turned to them, it was because a series of severe incidents happened, such as particular cases of accidents at work or because they did not receive their wages.

The second circumstance is related to the self-activation of the same union structures. As we already stressed, the majority of cases comes to light following the traditional union activities such as controls of workplaces and informational activity. Moreover, also at the territorial level, the main difficulty encountered by trade unionists in addressing the issue of the representation of posted workers is the lack of data. The lack of knowledge together with the diffusion of posting mainly in those sectors characterised by hypermobility, invisibility, complex subcontracting chains and the presence of small and medium enterprises - where unionisation rate is historically low - makes the action of unionists rather difficult. The proactive attitude of the trade unionists and attempts to establish a climate of trust with the workers are, according to unionists, essential. The eventual finding of posting workers enables the control activity by unionist.

². Interview n° 8, Cgil Unionist, L’Aquila
The case of L’Aquila

During the post-earthquake reconstruction works in L’Aquila in 2014, the construction union was conducting an information campaign by accessing to the construction sites aimed at informing workers of their rights and of the Cassa Edile benefits. During these activities, they found 9 Romanian workers who were working on a construction site. Unionists asked them to show their employment contract which turned out to be a contract of transitional posting with a Romanian company. Although that company was regular (inspections were conducted using the Italian union office in Romania), some contractual irregularities were rather evident.

The main anomaly concerned the fact that the employees worked with the same posting contract for more than four years, thus missing the fundamental condition of a temporary nature. Although workers initially showed an attitude of great diffidence towards the union, after the controls on the construction site, they showed up on their own in the union offices. Unionist stress that they were accompanied by a Romanian woman (who was engaged to one of them) who helped to translate their instances since their Italian language skills were poor. By hearing the workers’ story, unionists verified the non-observance of the national collective agreement concerning 1) working time (9/10 hours per day; transport time; 2) wages (much lower than the contractual average); 3) housing conditions: apartment had been made available by the company where they lived in 9 in 65sqm. Also, the workers were subjected to strong segregation both inside the construction site and outside and they were subjected to a strong control by an intermediary who held back money from their wages.

The persistence of these elements convinced the trade unionists to file a complaint about illegal brokering of the workforce, which led the labour judge to open an investigation called “social dumping”. During the investigation, six people were arrested (5 Italians and a Romanian intermediary) on charges of illicit brokering and exploitation of labour. The unionist who dealt with the case highlighted how the overlap between false detachment and illicit brokering allowed them not only to sanction administrative irregularities but also to prosecute the company and their intermediaries on a penal level. At the first step of union action, workers were paid by the company, but they did not start a process of unionisation by deciding to come back to Romania.

The construction sector, however, is easier to access by unions thanks to a series of specific contractual instruments. The first is given by the Cassa Edile. According to the national collective agreement, the companies are obliged to provide to the Cassa Edile the list of the supply companies, including those that employ posted workers. The Cassa edile can compare the data of the companies that pay workers’ contributions with the companies on the list. The non-correspondence of the two data (for example, if a company present in the subcontracting list is not registered at the Cassa Edile) the Cassa Edile officials may request the activation of inspections. In addition, in case of irregularities, the Cassa Edile could refuse to issue the Durc model (which is a document that certifies the payment of social contributions by firms) without which the companies cannot participate in the assignment of works. The system of cross-checking was fundamental at least in two cases. The first is related to a posting of Hungarian workers in a construction site for a public work in Florence (2014) and analysed in some trade union reports (Brachini and Galossi, 2014b.). In this case, the discovery of posted workers was possible as a result of the crosschecks of the Cassa Edile of Florence. From these controls also emerged the irregularities in payments to the Cassa. The Cassa Edile demanded the activation of unions,
which started an industrial action against the main contractor and its subcontractors. The case was resolved with the trade union conciliation with which workers obtained their social contributions.

It is also interesting to note that in these specific cases the trade unionists also used the media to denounce illicit activities and to exercise pressure to companies. Numerous press articles and reports on the cases described demonstrating that good coverage of both local and national media were guaranteed.

However, these two tools - crosscheck of the Cassa Edile and the national collective agreement - cannot always be activated. In particular, as regards the Cassa Edile, unionists stressed that since Cassa Edile is also organised on a territorial basis, it might not have homogeneous attention to irregularities and its action differs according to the context.

The difficulties that emerged with the collective agreement concern the fact that under Italian law, the collective agreements do not have an erga omnes validity, but they are valid only for companies belonging to employers’ associations that sign the contract.

Another legislative and contractual innovation concern the instrument of advance, bargaining which is particularly important especially for large public works. This instrument provides an advance agreement among unions, contractors, buyers and other public bodies before the start of construction, aiming at establishing a common rules framework. This tool was operated by the unions during the constructions of Milan EXPO 2015 and, according to unionists, in addition to producing significant improvements in terms of safety of workers, allowed the trade unionists to control the living and working conditions of the posted workers employed therein and the compliance with Italian collective agreements (including remuneration).
8. Key challenges of union actions at the local level

The factors undermining the union actions cover many aspects and are similar to what is evidenced by vast reference literature. First, elements such as the attitude towards the maximisation of wage, the spatial segregation experienced by workers as well as the control exercised by employers or intermediaries (including through economic blackmail) are factors limiting the trade union intervention and the legal protection. Some unionists have pointed out that in some cases after having convinced workers to denounce severe forms of labour exploitation by making the support of the union structures available, they dropped the charges as a result of pressure received from employers and intermediaries. Secondly, spatial segregation, even in the presence of a long period, and the separation of local workers and local communities prevented the full improving of the language skills. Finally, the workers expressed a strong distrust of the trade union as well as a lack of knowledge not only of the legal regime and their rights but also of their status as a posted worker. Because of these strong inhibitions, in the circumstances of this study, there were no cases of posted workers who decided to join the union even after the successful outcomes of the union action.
References


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