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Foreign Labor Trends: Greece

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Comments

Foreign Labor Trends

Foreign Labor Trends

Greece



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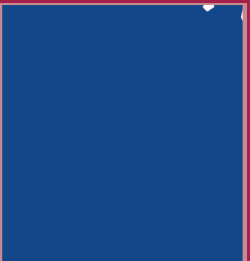
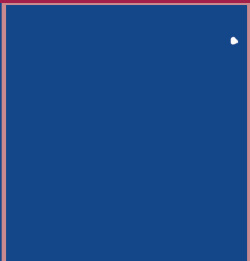
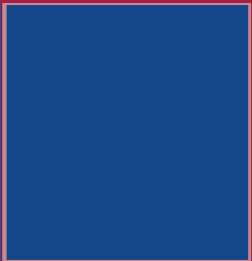
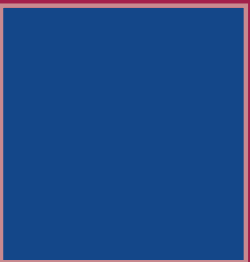
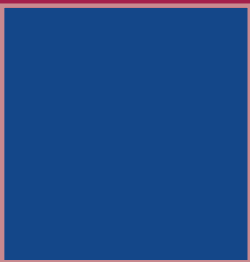


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KEY LABOR INDICATORS

Greece 2003

<u>INDICATOR</u>	<u>2001</u>	<u>2002</u>	<u>% CHANGE</u>
1. Per capita GDP, current prices (est. US\$)	10,981	11,810	7.5
2. —, in agriculture (%) ¹	8	8	0.0
3. —, in manufacturing (%)	23	23	0.0
4. —, in services (%)	69	69	0.0
5. —, (euros)	12,792	13,645	6.7
6. Population, total (millions)	10.95	11.00	0.5
7. —, in major ethnic groups (%)			
—, Greek ²	98	98	0
—, other	2	2	0
8. —, in major urban areas ³	n/a	n/a	~
	<u>2002</u>	<u>2003</u>	
9. Birth rate, per thousand population (est.)	9.82	9.79	-0.3
10. Life expectancy at birth (est.)	78.74	78.89	0.2
11. —, male	76.17	76.32	0.2
12. —, female	81.48	81.65	0.2
13. Adult literacy rate (%)	97	97	0.0
14. Labor force, civilian, total (millions, est.)	4.36	4.37	0.2
15. —, male (millions)	2.60	2.61	0.4
16. —, female (millions)	1.76	1.76	0.0
17. —, in informal economy	n/a	n/a	~
18. Employment, civilian, total (millions)	3.92	3.95	0.8
19. —, in industry (millions)	0.876	0.887	1.3
20. —, in export processing zones	n/a	n/a	~
21. —, in agriculture (millions)	0.627	0.624	-0.5
22. —, in services (millions)	2.396	2.438	1.8
23. Unemployment rate (%)	10.3	9.5	-7.8
24. Underemployment rate	n/a	n/a	~
25. Labor productivity, manufacturing (%)	2.5	n/a	~
	<u>1999</u>		
26. Work-related accidents and illnesses	17,658	n/a	~
	<u>2001</u>	<u>2002</u>	
27. Hours lost from industrial disputes (000)	1,515	n/a	~
28. Daily minimum wage rate (euros)	21.05	22.17	5.3
—, monthly (euros)	469.65	494.77	5.3
29. —, daily (US\$)	18.85	19.58	3.9
—, monthly (US\$)	420.62	437.00	3.9

¹ Source: *The World Factbook*, 2001, 2002, and 2003 for indicators 2-14 and 43.

² The Greek Government states there are no ethnic divisions in Greece.

³ In 1991 (last data), 58.8 percent of the population lived in major urban areas.

Greece 2003

<u>INDICATOR</u>	<u>2001</u>	<u>2002</u>	<u>% CHANGE</u>
30. Average daily earnings by major industry (US\$)			
—, manufacturing	37.6	41.85	11.3
—, mining	48.3	53.8	11.4
—, electricity	51.7	57.6	11.4
31. Daily compensation costs, production workers (US\$)	37.6	41.85	11.3
32. —, (euros)	42.0	44.3	5.5
33. Daily compensation costs for laborers (US\$)	18.85	20.95	11.1
34. —, Monthly, clerical (euros)	853	900	5.5
35. —, Monthly, mechanic (euros)	1,780	1,350	-24.2
36. —, Monthly, commercial assistant	1,462	1,542	5.5
37. Supplementary benefits as % of manufacturing earnings	n/a	n/a	~
	<u>2000</u>		
38. Average hours worked per week	41.5	n/a	~
39. Unionization of labor (% of wage earners)	26	26	0.0
40. Average personal income per year	n/a	n/a	~
41. Average disposable income after taxes and mandatory withholding	n/a	n/a	~
42. Population beneath poverty level	n/a	n/a	~
	<u>2001</u>		
43. Consumer prices, inflation rate (%)	2.7	2.2	-18.5

n/a = not available

Annual average exchange rate: US\$ 1 = 1.0626 euros (2002); 1.12 (2001); 365.399 drachmas (prior to 2002).⁴

⁴ Source: *The World Factbook, 2003*. On January 1, 1999, the European Monetary Union introduced the euro as common currency to be used by financial institutions of member countries; in January 2001, the drachma became a participating currency within the Eurosystem, and the euro market rate became applicable to all transactions; on January 2002, the euro became the sole currency for everyday transactions with member countries.

SUMMARY

The Greek population of nearly 11 million enjoys a high standard of living. Unemployment is projected to have dropped to 9.6 percent of the work force in 2003, according to official statistics.

The Government officially joined the European Union (EU) Economic and Monetary Union (EMU) on January 1, 2001 and became a part of the EU single currency club.

The Ministry of Labor runs the Labor Inspectorate, which is charged with enforcing laws about working conditions, social security, safety and hygiene, and labor-management relations. Historically, the Greek trade union movement has been highly political, fragmented, and complicated by overlapping jurisdictions. However, since 1997, the social dialogue between Greece's largest umbrella union, the General Confederation of Greek Workers (GSEE), the Federation of Greek Industries (SEV), and the government, conducted through the Economic and Social Council, a tripartite advisory council, has enhanced harmony somewhat in the private sector. Consequently, work stoppages in Greece occur more frequently in the public sector than in the private sector.

Violence and discrimination against women are problems in Greece, as is trafficking in women and children that are brought into the country. Non-governmental organizations (NGOs) report that foreign children are forced into begging.

BACKGROUND

Greece is located in southern Europe, bordering the Aegean Sea, Ionian Sea, and the Mediterranean Sea, between Albania and Turkey. Greece is a constitutional republic and multiparty parliamentary democracy. The Greek monarchy was rejected by referendum in 1974.

The Panhellenic Socialist Movement (PASOK) won the majority of parliamentary seats for a second consecutive term in the April 2000 parliamentary elections. Constantine Simitis has been Prime Minister since 1996. The New Democracy Party was the main opposition.

Greece has a market economy with a large public sector that accounted for some 40 percent of the estimated gross domestic product (GDP) of US\$ 125 billion for 2002.

Collective bargaining between the GSEE and the main employers' association resulted in a Collective Labor Agreement (CLA) which determined the nationwide minimum daily wage and monthly salary rates for unskilled blue-collar workers and entry and low-level white-collar employees. The Ministry of Labor routinely ratifies the CLA, which has the force of law. The CLA also serves as the starting point for other collective agreements. Approximately 20 to 25 percent of the Greek labor force works for a minimum wage.

Since the mid-1990s, substantial improvements in labor-management relations have allowed GSEE and SEV to reach agreements covering two-years, compared to one-year agreements in the past. This dialogue focuses on social security system reform, jobs programs, health and hygiene regulations, and steps to attain the targets set by the stability and growth program approved by the EU. It also aims at generating agreement for major structural reforms and at accelerating Greece's overall development.

The Confederation of Civil Servants (ADEDY), the civil servants' umbrella union, held several strikes in 2002. Demands were for higher wages and to protest the 2002 Government budget, whose allotments for salary expenditures were considered to be low by the civil servants.

DESCRIPTION OF THE LABOR SCENE

Most workers have full-time jobs and account for 80 percent of the labor market, although other more flexible forms of employment have emerged in the last few years. The employment rate, currently at 55.4 percent, is far below the EU average of 63.9 percent. The unemployment rate, although it declined from its peak of 11.9 percent in 1999 to 10.5 percent in 2001, is still above the EU average of 7.4 percent. The 15.6 percent unemployment rate for women is more than double the rate for men. The gender gap remains wide among the employed as well. Long-term unemployment declined to 5.4 percent but is still above the EU average of 3.3 percent. Temporary employment accounted for 15 percent of the market, and part-time employment hovers at 4 percent with no signs of rising significantly. Tele-employment and employee leasing were two forms of temporary employment recently registered in the market. Many big Greek enterprises hire sub-contractors in lieu of permanent employees.

Government

The Ministry of Labor is responsible for suggesting measures to combat unemployment, which was about 9.5 percent in 2003. The measures are enacted by the Manpower Employment Organization (OAED), a state entity responsible for paying unemployment benefits, creating employment programs, and establishing unemployment policy. OAED also runs the majority of apprenticeship and vocational training programs in Greece. Higher urban unemployment, the de-industrialization of some areas, and growing unemployment among the young and women have been issues of serious concern for workers and the government. Recent measures to combat unemployment include extensive vocational training programs aimed at fighting long-term unemployment and social exclusion; special programs for adapting the unemployed to industrial changes; and programs aimed at facilitating the entry of young people into the labor market.

The Government has promised to continue with further structural reforms, deregulation, and privatization in 2003 and beyond, as recommended by the EU. Greece's economic policy remains geared towards keeping inflation at about three percent, in line with other EU countries.

The Labor Inspectorate has the right to conduct inspections at any private or public business, at any time, without prior warning, and to shut down a section or an enterprise if there is imminent danger to the workers' health or safety. It can conduct research on labor accidents, impose administrative penalties, and file lawsuits against employers. It has the right of access to records, files, and archives of enterprises, and it can offer mediation services to resolve individual or group labor disputes. The Labor Inspectorate has 16 regional and 76 local offices around the country and 7 Occupational Safety Centers. Nevertheless, enforcement of safe working conditions remains lax, particularly in construction and agriculture—two fields in which most alien workers are employed.

The Government may declare "civil mobilization" in the event of danger to national security, life, or property, or to the social and economic life of the country. The International Labor Organization's (ILO's) Committee of Experts on the Application of Conventions and

Recommendations has criticized this power as violating the standards of ILO Convention 29 on forced labor. The last time the Government resorted to civil mobilization was on June 21, 2002 to break a sailors' strike, which was posing serious economic hardship to inhabitants of the Greek islands. The civil mobilization was lifted on September 9, 2002.

Employers

The Federation of Greek Industries (SEV) represents employers. It has members from very small to medium and large corporations in the private and public sectors, provided that the latter operate on market-economy principles. SEV represents and speaks for industry and for the general private sector vis-à-vis state authorities and other institutions, and with labor unions. SEV's stated principle is that an increase in income for all members of society is the best way to attain social prosperity. SEV is represented at the EU Committees on Capital Market, and the Monitoring Committee of the Community Support Framework. It is a member of the European Employers' Association UNICE, as well as different consultative committees of the EU, the European Foundation for the Improvement of Living and Working Conditions, and the European Center for the Development of Vocational Training. SEV also has close links with the Foundation for Economic and Industrial Research (IOBE), a private, non-profit research organization that conducts research projects on current issues of the Greek economy.

Strikes

Strikes usually take the form of one-day "warning" strikes. They are often designed to have a largely symbolic impact, but significantly affect shop productivity and disturb everyday life in Athens and other big cities. The warning strike has remained organized labor's principal protest vehicle. Greek unions do not have strike funds and workers who participate in strikes and work stoppages lose their wages.

The courts have the power to declare strikes illegal. In recent years, the courts have routinely declared the majority of strikes illegal, but authorities rarely enforce such decisions. Unions complain that this judicial power serves to deter their members from participating in strikes. A labor law regulating the right to strike provides for a mandatory period of notice, which is 4 days for public utilities and 24 hours for the private sector. Legislation permits employers to dismiss workers who participate in illegal strikes, particularly those workers who have been designated as essential personnel in public enterprises and utilities, as essential services may not be disrupted during a strike.

Strikes were relatively fewer from 2001 to 2003, and involved mostly public sector unions. The conclusion of two-year collective labor agreements and the general improvement of relations between unions and the government contributed to the reduction of labor disputes.

The most notable and disruptive strikes between January 2001 and April 2003 are listed below:

- Several one-day strikes occurred in December 2002 and in January 2003, by taxi drivers, to protest against the introduction of new bus lanes (from which taxis are barred) and to press for an increase in the base tariff.
- Doctors' striking at public hospitals, November 28-29, 2002 and January 29, 2003, pressed for salary raises.
- A last-minute air traffic controllers' strike in early December 2002, resulted in numerous canceled flights. The air-traffic controllers, whose strikes are routinely canceled by the First

Instance Court of Athens, made the decision to strike at 11 p.m. on December 4, and implemented it an hour later, leaving airlines with practically no notice to reschedule flights.

- Policemen engaged in a "work to rule" industrial action for two weeks in December 2002, to press for pay increases and a more formal schedule for work shifts. Uniformed policemen also demonstrated at the main police headquarters in April and again in mid-December 2002.
- Civil servants held a nationwide strike on December 5, 2002, to protest the government's 2003 salary policy.
- Teachers staged a labor action that effectively closed down universities from May to September 2002. The strike ended when the government satisfied their demands.
- Private and public-sector employees struck on April 18 and June 17, 2002, to protest social security reforms.
- Employees of buses, trolleys, and the subway held work stoppages in May 2002, to press for salary increases.
- Merchant marine sailors held a three-day strike in June 2002, which ended when the government invoked the Civil Mobilization Act.
- Diplomats held a one-day strike in May 2001, to press for salary raises.
- Athens' journalists held a one-day strike on February 7, 2002, to press for salary raises and in defense of respect of journalism ethics.
- Cotton farmers protested in several cities in January 2002, against reduced cotton subsidies.
- In January 2001, teachers in technical institutes, high schools, and medical schools were involved in various protest actions over legislative changes brought by the Ministries of Education and Health. The protests included work stoppages, strikes, and demonstrations.
- Private and public-sector employees held a nationwide general strike on April 28, 2001, to protest the government's proposed social security reforms. The strike paralyzed public transport, schools, hospitals, and public services.

Trade Unions

There are approximately 5,000 locals, or primary unions, which include craft, industrial, enterprise, and "general" unions, in both the private sector and public enterprises. These unions affiliate with secondary organizations, either national federations or geographical labor centers, or in some cases, both. The federations and labor centers, in turn, affiliate with GSEE, which organizes workers in all sectors except permanent civil servants. The latter are organized in the ADEDY. GSEE and ADEDY have reaffirmed plans to merge in the future. They established a National Coordinating Council which will meet twice a year and prepare proposals on joint infrastructure and functions, and on issues concerning international relations, equality, culture, and sports. The two organizations have already merged their think-tank organizations.

Greek unions receive most of their funding through an agency of the Ministry of Labor known as the Workers' Hearth. The Workers' Hearth distributes mandatory contributions from employees and employers to the unions. Workers participate in the Workers' Hearth Board of Directors. Objective criteria, based on membership levels, determine union funding levels. Only a few of the most powerful public enterprise unions have dues-withholding provisions in their contracts with employers.

GSEE and SEV completed negotiations on the 2002-2003 CLA in April 2002. The CLA, retroactive to January 1, 2002, linked salary increases for private-sector employees to the projected official year-end inflation rate, and provided for year-end corrective increases for 2002, if inflation exceeded projections. According to the 2002 CLA, private sector workers received a 3.9 percent increase.

General Confederation of Greek Workers (GSEE)

The GSEE represents 82 regional labor centers and 65 affiliated branch federations, with a membership of 440,000 workers. Members belong to different political factions in the Greek Trade Union movement. Representatives from 49 national and 3 international trade union organizations represented GSEE's governing body, the 45-member Administrative Board. The newly elected GSEE Administrative Board consists of 22 PASOK-affiliated (pro-government) representatives, 10 New Democracy-affiliated representatives, 10 Communist Party of Greece - affiliated (KKE) representatives and 3 Left Alliance-affiliated representatives, leaving the balance of power unaltered. Christos Polyzogopoulos was re-elected President of GSEE.

The goals of the Administrative Board include safeguarding workers' social security rights, new measures to reduce unemployment, and a fairer taxation system. GSEE's long-term demands include shortening the workweek to 35 hours, increasing membership by enrolling new alien workers as members, and further improving international contacts, especially with unions from Europe, the United States, and Greece's neighboring countries.

GSEE is a member of the European Trade Union Confederation (ETUC) and the International Confederation of Free Trade Unions (ICFTU). GSEE President Christos Polyzogopoulos is a member of the Presidency of ETUC. GSEE also has representatives on the ETUC Women's Committee and the ETUC Youth Committee. GSEE maintains good relations with European trade union organizations, Turkish unions, the unions of neighboring Balkan countries (including FYROM), the Israeli HISTADRUT, Egyptian unions, and with some of the free trade unions in the central European countries. GSEE and several of its affiliated trade union organizations had many contacts with their respective counterparts in Turkey. GSEE held a conference in February 2003, with Turkish and Cypriot labor unions to discuss necessary interventions to safeguard peace in the region, support for Turkey's EU membership, and backing negotiations for a resolution to the Cyprus issue.

GSEE has representatives on the EU Economic and Social Committee, the European Social Fund, and on EU advisory committees dealing with social security issues, migrant workers, vocational training, health, and hygiene.

GSEE has a think-tank organization, the Labor Institute (INE), which is subsidized by the European Social Fund. INE runs trade union training seminars and vocational training programs for the unemployed in cooperation with the EU and with Danish and German vocational training institutes, and it conducts research projects on labor-related issues. INE also runs the European Industrial Relations Observatory (EIRO), in collaboration with employer associations. EIRO is an EU Institute found in all 15 EU countries, the role of which is to monitor national trends and tendencies of the labor market, to conduct comparative research on labor relations among the EU countries, and to provide relevant objective information. INE has 11 local and 5 branch chapters. INE maintains relations with similar institutes in other EU countries. INE issues a monthly review, *Enimerosi*, which reports on the activities of all INE chapters, and a quarterly magazine containing research work on labor-related issues by academicians and INE associates.

Civil Servants' Confederation (ADEDY)

ADEDY is a member of ETUC and has a representative on the Economic and Social Committee of the EU. Mr. Spyros Papaspyros was elected President of ADEDY in November 2001.

ADEDY's membership of 240,000 is organized into 65 federations and approximately 1,300 locals. ADEDY does not have the legal right to negotiate on behalf of civil servants on issues

where the Government enjoys constitutional prerogatives (i.e. salaries, pensions, and recruitment procedures). Civil servants' wages and benefits are determined by decree of the Minister of Public Administration. Nonetheless, ADEDY has effectively lobbied for civil servants with the government.

THE ECONOMY AND LABOR

Greece has a mixed capitalistic economy, with the public sector accounting for half of GDP and with per capita GDP at 70 percent of the leading euro-zone economies. Tourism provides 15 percent of GDP. Immigrants make up nearly one-fifth of the work force, mainly in menial jobs. Greece is a major beneficiary of EU aid, equal to about 3.3 percent of GDP. The economy in 2003, improved steadily with economic growth averaging four percent since 1997, exceeding EU growth by more than one percentage point. Major challenges remaining include the reduction of the public debt, inflation, and unemployment, and further restructuring of the economy, including privatizing several state enterprises, undertaking serious reforms, and minimizing bureaucratic inefficiencies.

The Greek economy is based on services, with strength in tourism and shipping. A traditional agricultural sector sustains a relatively large rural population, but is dependent to a large extent on EU subsidies. Industrial activity occurs mainly in labor-intensive areas such as textiles, but production of high-technology equipment, especially telecommunications, is growing rapidly. Other important sectors include transport, food, cement, and construction.

Major industries are tourism, food and tobacco processing, textiles, chemicals, and metal products. Commodities that are imported are machinery, transport equipment, fuels and chemicals.

Greece's salaried wage earners make up approximately 60 percent of the over 4 million person workforce. This relatively low figure reflects the strength of traditional sectors such as agriculture (comprising about 14 percent of the workforce), and the large number of self-employed professionals, small businesses, and shopkeepers. Greece is estimated to have more retail outlets relative to population than any other EU country.

Key contributors to GDP in 2002 were agriculture (8.14 percent); manufacturing, construction, mining and electricity production (22.3 percent); and the service industry and government (69.3 percent). The Government's annual growth target has been recently revised downwards to 3.6 percent, an ambitious target given the present slowdown in the European economy. Strong investment activity spurred past growth in both the public and private sectors, but unless the government implements additional structural reforms, similar high growth rates are unlikely to continue.

The labor force decreased by 9.7 percent during the 1970s, largely because of emigration. During that period, unemployment remained at very low levels (four percent or less). In the 1980s, the labor force increased by 12 percent. An expanding public sector and GDP growth, fueled by expansionary economic policies, absorbed the increase in the labor force. In the first half of the 1990s, an economic downturn, coupled with net immigration, resulted in higher unemployment. According to the latest official statistics, unemployment topped close to 12 percent in 1999, and dropped to 9.5 percent in 2003.

Accession to the "Eurozone" is a major achievement for Greece, with positive effects on investment and business. Still, for Greece to achieve real convergence with the other countries in the EU, it must speed up structural changes including privatization.

A new immigration bill was passed in April 2001, that provided for a second amnesty period during which undocumented immigrants could register with regional prefectures and receive one to two year renewable residence and work permits. Holders of the "green card" would have the same rights as Greek workers. Approximately 367,000 aliens applied for legalization under the second amnesty period. The Ministry of the Interior estimated that nearly 700,000 immigrants were legalized by June 2003, at the end of the amnesty period.

Unions claim that many aliens face insurmountable problems in renewing the green cards, such as employers' refusal to pay their social security contributions, a precondition for granting or renewing the green card. The law provides for stiff penalties for employers who hire aliens without a valid work permit, and for traffickers smuggling aliens into the country. Unions estimate that there are more than one million immigrants in Greece who, unions argue, have been heavily exploited in the informal economy. The majority of immigrants come from Albania (65 percent of those who applied for legalization) while other ethnic groups (including Bulgarians, Romanians, Polish, Pakistanis, and Ukrainians) are represented with percentages ranging from 2 to 6.5 percent. Most immigrants reside in Athens and Thessaloniki, are 30-34 years old, married, and overqualified for the jobs they do in Greece. Undocumented immigrant children are accepted to Greek public schools.

Illegal immigration has been an issue of serious concern for unions. In the 2001 national census, 797,093 legal and illegal immigrants were registered. While it is widely accepted that immigration contributed to the development of Greece, unions maintain that illegal immigration fosters xenophobic and racist attitudes among Greek workers, despite the fact that these illegal workers usually perform jobs not normally sought by Greeks. Union researchers claim that illegal immigration has negatively affected unskilled and low-income workers whose jobs were taken by immigrants, but has benefited middle and high-income social classes. The unions in Athens and Piraeus have opened information offices for migrant workers to help them obtain a green card and resolve problems related to integration into the Greek society.

Political Dynamics

Labor unions play an important role in the Greek political arena. Eight prominent trade unionists were elected as Members of Parliament in the April 2000 national elections, including a former President of GSEE. The Government's spokesman, Christos Protopappas, is a former GSEE President, and Deputy Labor Minister Rovertos Spyropoulos was a prominent trade unionist. Several other former trade unionists hold important government positions. Unions are a strong lobbying group with easy access to all levels of Greek political life.

Unions are highly politicized, and contain party-affiliated factions. Political trade union factions do not have an official status and are not recognized by the government or employers. The political factions promote their parties' policies within the unions. There are four political trade union factions, representing each of the major political parties. The most powerful of the 4 controls about 50 percent of labor unions, and represents PASOK. The political trade union faction of the New Democracy Party controls about 22 percent of labor unions. The Communist Party's labor faction is particularly strong among construction workers, accountants, and teachers; it controls about 23 percent of the unions. The Left Alliance's political trade union faction controls about five percent of unions, but is well supported in the services sector.

Historically, this two-tier structure of Greek trade unionism has been strong. In recent years, however, the impact of the political trade union factions diminished because the unions faced major reforms (particularly in the public sector) that affected long-held workers' rights. The

unions decided to give top priority to defending workers' interests and to decrease lobbying for political parties. In 2001 and 2002, the Government announced major reforms of the social security system. The trade union leaders refused to obey party instructions, and initiated strikes and labor actions that forced the Ministry of Labor to change plans. The actions enhanced union credibility among workers and increased their public support.

FOREIGN INVESTMENT POTENTIAL

Greece is an import dependent economy, representing excellent marketing opportunities for U.S. goods, products, equipment, services and technology. U.S. suppliers are very highly regarded in Greece for superior quality and consistency. There are no significant non-tariff barriers to U.S. exports. The U.S. accounted for only a little over 4 percent of Greece's imports in 2000, which totaled about US\$ 28.5 billion, a US\$ 626 million trade surplus. The Government plans to attract foreign investors to develop a number of government-owned resorts.

The top U.S. exports were aircraft, arms, and machinery. U.S. business can expect substantial success in connection with contracts and awards for implementing the 2004 Olympic Games, scheduled for Athens, as well as the IT and tourism infrastructure development sectors. In addition, U.S. should look for contracts in Greece's energy, medical, food processing and packaging and franchising sectors, and construction and building products. Among agricultural products, the best U.S. prospects are in nursery products, planting seeds, tree nuts, wood products, and frozen seafood.

Services represent the largest and fastest growing sectors of the economy. Trade, banking, insurance, transportation and shipping, communications, health, education and tourism are the largest service sub-sectors. American suppliers and manufacturers face their stiffest competition from Greece's traditional EU trading partners, namely Italy, Germany, France, the UK and the Netherlands.

The quasi-government Hellenic Center for Investment (ELKE) provides assistance in dealing with Greek government institutions. At present, there are over 100 U.S. firms with subsidiaries in Greece; hundreds more sell through agents and distributors. Total U.S. direct and indirect investment in Greece is estimated at roughly US\$ 2.3 billion, about one-third of all foreign investment in Greece. Local content, import substitution, exports orientation, and technology transfers are considered by the Greek authorities in evaluating applications for investment incentives.

Greece is a member of both the International Center for the Settlement of Investment Disputes and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

SOCIAL SAFETY NET

In 2001 and 2002, the Government announced major reforms of the social security system. Social insurance reforms are high in the government agenda. The Government is committed strongly to children's rights and welfare through amply funded public education and health care systems.

The National Organization for Social Care has a nationwide and regional network of offices and is active in the field of child protection. The regional offices provide greater access to child welfare services and funding, prioritizing according to regional needs.

Ninety percent of the Roma (a Muslim minority) are not insured by the public social security system, since they are unable to make the required contributions. They are entitled to free health care, for indigents, but the facilities are inaccessible from their encampments.

Greek workers are entitled to free vocational training and unemployment benefits when dismissed from their job. Qualifying conditions include 125 days of paid social security contributions in the 14 months preceding unemployment, the capability of earning at least one-third of the wages of a similar worker, and registration with the unemployment office. Eligibility is lost if unemployment is due to voluntary departure, dismissal for misconduct, or refusal of a suitable job offer or prescribed training. Unemployment benefits do not exceed 50 percent of salary, and are payable for 12 months.

LABOR LAW AND SYSTEM

The Constitution provides for an independent judiciary, and the Government generally respects this provision in practice. In the Greek court system, the President appoints all judges for life, after consultation with a Judicial Council.

New labor laws and labor market policies passed in 2000 and 2001 are designed to raise employment, reduce unemployment, and combat labor rigidities. The European Commission (EC), however, found that the results of these policies fall considerably short of the targets set at the Lisbon and Stockholm EU Summits and that further action is necessary to speed up reforms and increase the efficiency of interventions. The EC also advised Greece to take measures to adapt its education system to respond to labor market needs, improve the status of women in the workforce from both a quantitative and qualitative point of view, reduce the non-wage labor cost, offer greater incentives to encourage part-time employment, and actively pursue policies on aging.

Greece is a country with rigid labor-market codes and regulations, as evidenced by government restrictions on releasing workers and by unchallenged job security in the public sector. Employment security provisions of labor legislation govern hiring and firing practices and worker severance pay. An employee is entitled to compensation upon dismissal after completion of two months' work. Blue-collar workers receive lower redundancy payments than their white-collar counterparts. Public sector and civil service employees cannot be fired without cause, a right guaranteed by the Constitution. Social insurance contributions are mandatory for both employee and employer, and heavy fines are imposed on overdue payments. Employee contributions are 15.9 percent, and employer contributions are 27.96 percent of wages and salaries.

Dismissals and temporary layoffs are subject to government control. Companies with 20 to 200 employees can dismiss 4 persons per month. For companies with more than 200 employees, dismissals are limited to 2 percent of the staff (up to 30 persons) per month. Dismissals exceeding this number are defined as "mass dismissals" and require the approval of the Minister of Labor.

Workers are entitled to four to five weeks annual leave, which is not carried over to the next year. Female employees are entitled to 17 weeks of maternity leave—8 weeks before the baby is born and 9 weeks afterward. New mothers are also entitled to work one hour less each day

with no decrease in regular pay for a period of two years after they return to work. Female employees are protected from dismissal during pregnancy and for a year after delivery.

New legislation was passed in December 2000, to allow flexibility in working hours by providing compensatory time in lieu of overtime pay, and longer working hours in peak seasons in exchange for shorter working hours in slow seasons. The new legislation became effective in April 2001, but few companies make use of its provisions.

LABOR STANDARDS AND WORKER RIGHTS

The Right of Association

The Constitution and the law provide for the right of association, and workers exercise this right. All workers, with the exception of the military, have the right to form or join unions. Police have the right to form unions, but not to strike. Approximately 26 percent of wage earners (nearly 650,000) were unionized. Unions receive most of their funding from a Ministry of Labor organization, the Worker's Hearth, which distributes mandatory contributions from employees and employers. Workers, employers and the state were represented in equal numbers on the Board of Directors of the Worker's Hearth. Approximately 10 public sector unions had dues withholding provisions in their contracts, in addition to receiving Worker's Hearth subsidies.

Over 4,000 unions are grouped into regional and sectoral federations and 2 umbrella confederations: one for civil servants (ADEDY), and one for private sector and state enterprises employees (GSEE). Unions are highly politicized. There are party-affiliated factions within the labor confederations. However, neither political parties nor the government controlled day-to-day operations.

Anti-union discrimination is prohibited. The Labor Inspectorate or a court investigates complaints of discrimination against union members or organizers. Court rulings have mandated the reinstatement of improperly fired union members.

Unions are free to join international associations.

The Right to Organize and Bargain Collectively

The law provides for the right to organize and bargain collectively in the private sector and in public corporations. There are no restrictions on collective bargaining for private sector employees.

Civil service employees have the right to organize and bargain collectively with the Ministry of Public Administration. The National Mediation, Reconciliation and Arbitration organization is used in the private sector and public corporations (military and civil service excluded).

Legal restrictions on strikes include a mandatory period of notice, which is 4 days for public utilities and 24 hours for the private sector. Legislation mandates a skeleton staff during strikes affecting public services, such as electricity, transportation, communications and banking. Public utility companies, state-owned banks, the postal service, Olympic Airways, and the railroads also are required to maintain a skeleton staff during strikes. The courts have the power to declare strikes illegal, although such decisions were seldom enforced. However, unions complain that this judicial power served as a deterrent to some of their members from

participating in strikes. The courts declared some strikes illegal in 2002, but no strikers were prosecuted. The strikes by mass transport employees affected productivity and disrupted daily life in the center of Athens, and were primarily based on securing timely pay increases and greater job security.

Three free trade zones operated according to EU regulations. The labor laws apply equally in these zones.

Prohibition of Forced or Compulsory Labor

The Constitution prohibits forced or bonded labor. Neither forced nor bonded labor is practiced in Greece, although farm laborers, particularly foreigners, have been subject to exploitation.

Status of Child Labor Practices and Minimum Age for Employment

Education is free and compulsory through ninth grade, but is not well enforced. University education is public and free at all levels.

The minimum age for employment in the industrial sector is 15 years, with higher limits for certain activities. Child labor laws do not cover children working on family farms or in family businesses. Age limits were enforced by occasional Labor Inspectorate spot checks and generally were observed.

Child labor is not used in Greek industry, commercial agriculture, or mining. In general, Greek law prohibits employing individuals under age 15 and there are higher age limits for certain hazardous industries. The employment of children, where informally practiced, is limited to family farms and family enterprises, generally on a part-time basis. This work is not viewed in Greece as exploitation but is accepted as part of the socialization process to enhance family ties.

Employment of minors 15 to 19-years-old, although allowed by law, is considered unacceptable by societal standards. Juveniles age 15-18 are not allowed to work overtime or at night. Labor unions, citing the fact that 30,000 children a year do not enroll in elementary school and 15,000 children a year drop out of high school, suggest that some enter the labor market before the age of 15.

Greece has ratified several ILO Conventions on child labor and protection of young persons.

Discrimination in Employment

The Constitution provides equality before the law irrespective of nationality, race, language, or political belief, however, these rights are inconsistently practiced. Anti-foreign sentiment is directed at Albanians who make up approximately five percent of the population. Most of the Muslim minority (officially estimated to number 130,000) are ethnically Turkish or Turcophone and live in Thrace. The Muslim minority also includes Pomaks and Roma who frequently face discrimination in employment and housing. The illiteracy rate among Roma is estimated at 80 percent.

The rate of employment of Muslims in the public sector and in state-owned industries and corporations continued to be much lower than the Muslim percentage in the population. The

Government claims, and the Muslims and Christians agree, that a lack of fluency in written and spoken Greek and the need for university degrees for high-level positions limited the number of Muslims eligible for government jobs.

There are 25 women in Parliament, 2 among 20 government Ministers and 2 of 29 sub-Ministers. Long-term unemployed women make up 58.6 percent of Greece's unemployed, and comprise only 39 percent of the work force. Their unemployment rate is 15.6 percent, more than double the rate for men. The gender gaps in both employment and unemployment remain wide. Statistics also show that women are under-represented in trade union decision-making centers. For example, there is only 1 woman in the recently elected 45-member GSEE Board of Directors, and only 43 women were included in the last 450-delegate GSEE Congress. GSEE has a Secretariat for Women's issues, which is not very effective.

Greece does not have specific sexual harassment legislation. The existing legislation against "insult of sexual dignity" (Penal Code, article 337) is considered to be satisfactory by women's organizations and trade unions. The GSEE women's section and Greece's Commissioner to the European Union for social issues, Mrs. Anna Diamantopoulou, claim that sexual harassment is a widespread phenomenon in Greece, but women are discouraged from filing charges against perpetrators by family members and other co-workers for fear of social stigmatization.

The 2001 Collective Agreement for private insurance companies' employees included a clause defining and prohibiting sexual harassment, the first ever in Greece. Sexual harassment is defined by this agreement as "unilateral imposition of unwanted sexual approaches and requests by a supervisor to a subordinate, which constitutes discrimination and an insult against the personality of an employee."

Legislation mandates the hiring of persons with disabilities in public and private enterprises that employ more than 50 persons. However, the law is poorly enforced, particularly in the private sector. The law states that persons with disabilities should account for three percent of employees in private enterprises. Disabled persons are hired from a priority list in public enterprises, municipalities, and civil service. Disabled persons are exempt from the civil service exam. In the civil service, 5 percent of administrative staff and 80 percent of telephone operator positions are reserved for the disabled.

Acceptable Conditions of Work

Greece's Mediation-Arbitration organization (OMED) was established in January 1992. OMED provides mediation, reconciliation, and arbitration services to public corporations and the private sector (the civil service is excluded). OMED has an 11-member Administrative Board that includes an equal number of labor union and employer representatives. Workers retain the right to strike during the mediation period, which may not last more than 25 days, but not during the arbitration period, which may last up to 10 days. Arbitration decisions are binding on the two parties and have the force of Collective Labor Agreements.

Unions believe that reducing the workweek to 35 hours, without reducing remuneration, would have a positive effect in combating unemployment. Employers respond that reducing working hours to 35 would result in a 14.5 percent increase in hourly labor costs. Unions claim that rising unemployment and the worsening financial status of workers have started to undermine the ability of Greek families to support their elderly or unemployed relatives.

The law provides for equal pay for equal work, yet official statistics in 2001 show women's pay amounted to 76.2 percent of men's pay. The minimum daily wage for unskilled blue-collar

workers was 22.17 euros (US\$ 19.58) on January 1, 2002, and 23.23 euros (US\$ 24.68) on January 1, 2003. The minimum monthly salary for unskilled office employees was 494.77 euros (US\$ 437) on January 1, 2002, and 518.3 euros (US\$ 531.78) on January 1, 2003.

The Government unilaterally sets the salaries of civil servants. Civil servants acquired collective bargaining rights in 1998, but only on those issues where Government does not enjoy constitutional prerogatives (salaries, pensions, and recruitment procedures). Collective bargaining with the Ministry of Interior, Public Administration, and Decentralization has been conducted since 1999, and covers transfers of personnel, training, health and safety, trade union rights, and leave. Diplomats, medical doctors, judges, police, and the military do not have collective bargaining rights, and their salaries and general working conditions will continue to be unilaterally regulated by the government.

Civil servants received a 3 percent salary increase in 2002 and an average increase of 3.3 percent in 2003. The minimum salary of a civil servant was 654.90 euros (US\$ 565.40) in January 2002, and 688.61 euros (US\$ 565.40) in January 2003.

Trafficking in Persons

The "Law to Combat Trafficking in Persons, Child Pornography, and Economic Exploitation, and to Support Victims," was passed unanimously by the Greek Parliament in October 2002. The Government imposed harsh penalties on traffickers and called for shelters and medical assistance for victims of trafficking. The law calls for traffickers to be punished with up to 10 years of incarceration and fines of US\$ 10,000 to US\$ 50,000 (9,263 to 46,313 euros). There are harsher penalties for child traffickers. The law is starting to be implemented.

The country was both a transit point and destination for trafficked women and children. Women were primarily trafficked for sexual exploitation, while children were trafficked for labor exploitation. There are detailed accounts of mass child trafficking between Albania and northern Greece. There were reports that some Albanian parents "sold" or "rented" their children to traffickers in exchange for a monthly income. There were unconfirmed reports that foreign children were forced into panhandling. There were also reports that teenage boys worked as prostitutes in Athens. Non-governmental organizations (NGOs) reported that some police officers were on the payrolls of organized crime networks involved in trafficking. In 2001, a number of police officers were arrested in connection with trafficking offenses. Most arrests were in small towns, villages and border areas.

The Government's measures to curb trafficking and raise public awareness about street children have led to a decline in the number of street children. However, reports suggest that trafficked children are now forced into less visible work like domestic labor, drug smuggling, petty theft and prostitution.

In the past, foreign women illegally in the country who were apprehended by the authorities for prostitution were placed in a deportation center or deported immediately by train, plane or on foot. In 2001, the new law increased protection for women who press charges against their traffickers, by allowing them to remain in the country legally and setting aside any previous convictions.

A group of NGOs created a coalition "Stop Now," which produced public service announcements to raise awareness of trafficking issues.

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