



European Trade Union Confederation (ETUC)
Confédération européenne des syndicats (CES)

Trade Union Memorandum

to the

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**European Trade Union Confederation
(ETUC)**

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1. INTRODUCTION

The Portuguese Presidency has a number of highly important challenges in the course of the next six months.

The first one is to convene an IGC in order to finalise negotiations on the new Treaty, following the mandate given by the last European Council.

The second one is to prepare the ground for the new cycle of the Lisbon strategy. This strategy was launched by the Portuguese Presidency in 2000. The ETUC welcomed this initiative since it was seeking to promote the balance between economic growth and efficiency with full employment and social cohesion in a context of sustainable development. Seven years later, the Portuguese Presidency has the difficult task of rebalancing the economic, social and sustainable development pillars of the strategy, in the context of the preparation of the new three year cycle of the integrated guidelines and bearing in mind the new challenges posed by the climate change or the energy policy.

The third one is linked to the internal market review: Europe needs more balanced view to have an efficient internal market with a strong social dimension respecting workers and trade union rights. The evolution of the internal market's social dimension should also include legislation – the view that the EU social legislation has come to an end and that we now need other tools of harmonisation, is not convincing.

Linked to all these aspects the EU's agenda, there is the urgent need to launch a strategic debate on the policies and instruments needed to guarantee the sustainability of the European Social Model and in this context the discussion on flexicurity will have an important place in the next six months.

Although all these policy measures and initiatives may seem to take place in a pure internal context of the EU, the reality is that they are related to how the EU will answer to the growing pressure of globalisation and how it will prepare itself to play a more prominent role in this process. Furthermore, it must also pursue the negotiations between the EU and other parts of the world, in a manner that goes beyond a pure trade oriented approach but also has a strong social dimension. The EU-Africa Summit that is scheduled to take place in the course of the Portuguese Presidency is also an initiative that deserves our attention.

2. MAIN AREAS OF ACTION FOR THE PORTUGUESE PRESIDENCY

THE INTERGOVERNMENTAL CONFERENCE

The ETUC welcomes the fact that the German Presidency has been able to unblock the deadlock on this problem. A preliminary evaluation of the content shows that the agreement is a step forward compared to the Nice treaty, but a step back compared to the EU draft constitution. It seems that the Charter of Fundamental Rights becomes legally binding – with the exception of UK and apparently others - which is deplorable. The previous highlighting of social partners in the EU draft constitution is dropped. And there is no social protocol. The result is rather minimalist and largely lacking in ambition.

The ETUC calls on the incoming Presidency to involve the social partners closely in these negotiations. We also call on the Portuguese Presidency to be ambitious and to take into account the ETUC demands namely those relating to the following aspects: (1) to give a high profile and a prominent place to the role of the social partners and of the social dialogue. This was very clear in article I-48 of the first part of the Constitution; now, in the IGC mandate, it has been relegated back to the social policy chapter. Before, social partners were considered to be part of the democratic life of the Union, now they even do not appear in Title II on provisions of general application; (2) to check if a higher profile can be given to the charter by annexing it in a protocol to the treaty; (3) to take up both social clauses, i.e., the one on gender equality as well.

THE LISBON STRATEGY

The European social model and flexicurity

The European Social Model has proved its value in building societies of cohesion, solidarity and competitiveness. Its strength has been determined by the way in which competitiveness, solidarity and mutual trust have interacted. High-quality public services, social protection systems and the social dialogue are integral and essential parts of this model. The ETUC welcomes the Presidency's efforts to continue the debate on the European social model started during the German presidency. In this context, the review of the European Employment Strategy and the debate on flexicurity are essential.

The Trio Presidency discussion paper on flexicurity, presented in May this year puts forward the right approach in a balanced way. Unfortunately, the way the debate has been going at the European level has hitherto been limited predominantly to increasing external flexibility and ways of compensating for such an increase, by strengthening active labour market policies or social security provisions. Instead, the ETUC considers that it should also focus on other dimensions, in order to build a more balanced approach and to create better 'win-win' situations.

The role of the social partners must be strengthened. Strengthening industrial relations systems at European and national levels is key to improving flexicurity. A strong and dynamic social dialogue, where the social partners actively participate and are able to negotiate, to influence and to take responsibility for the definition, components and outcomes of flexicurity are vital elements.

Without the full recognition of the essential role of social partners in the progressive development of flexicurity policies at European level, this discussion can be seen as separate both from the content of the European social dialogue or from its future development.

It is also important to give more attention to the enhancement of adaptability through internal flexibility and make this a viable and acceptable dimension of flexicurity. Internal flexibility plays a key role in advancing productivity, innovation and competitiveness, and can thus contribute to reaching the goals of the Lisbon strategy. It can also play a major part in allowing workers to better reconcile work with other activities and responsibilities and to improve the quality of their employment.

Common principles on flexicurity

The ETUC urges the Portuguese presidency to make sure that the initiative of defining common principles of flexicurity focuses on a real and adequate balance between flexibility and security. If, instead, the initiative of common principles for flexicurity boils down to a clear and precise attack on job protection on the one hand, with lip service to lifelong learning and social protection on the other hand, then it will be a non-starter.

To do so, the ETUC asks the Portuguese presidency:

- To put the emphasis on broadening and complementing job protection with measures aimed at employment security. Job protection should not be seen as an obstacle but as a condition for employment security. Reforms of the design (and not the level!) of job security provisions should be geared to exploiting the complementarities of policies to protect the jobs and policies to protect the worker¹;
- Not to use imprecise and unreliable indicators such as the OECD-measures of employment protection legislation (EPL);
- To make sure that the issue of ‘employment security’ is accompanied by concrete and practical proposals to promote employment security. A particular forceful way to do so is to promote the idea of extending or supporting collective bargaining agreements that provide workers with the right to have access to training and lifelong learning and to see their informal competences and qualifications valued and recognised;
- To place flexicurity - a supply side dimension - firmly in the context of growth-friendly macro-economic policies - the demand side dimension. Flexicurity in itself does not create a single job;
- To establish a strong link with the coordination of tax policies in order to avoid tax dumping in Europe and to allow member states to invest in labour market institutions supporting transitions into good and rewarding jobs;
- To ensure that active labour market policies and social benefit systems are geared towards ‘learnfare’ and not towards ‘workfare’: the future of Europe and its competitive advantage does not lie into artificially supporting poorly paid and low productive jobs;
- To broaden the discussion on flexicurity and to link it with the objective of ‘quality of jobs’.

The Portuguese presidency can make a substantial contribution in highlighting the gender equality

¹ For example, advance notification functions as an early warning and can also be used as a basis to provide support for workers from the moment they get notification of retrenchment, as is the case in Sweden, Denmark and Finland. More in general, dismissal protection turns workers from disposable labour into an asset for firms, thereby giving firms an incentive to invest in the training of their work force.

dimension in the framework of the flexicurity debate, something which has been largely absent from this discussion until now.

Preparing the new three-year cycle of integrated guidelines

The ETUC requests the presidency to watch over the danger of narrowing down the employment guidelines to the single dimension of flexicurity. To keep a broad approach to the employment guidelines, the 2008-2010 recommendations should maintain those recommendations - including the target based approach - that reflect a basic choice in favour of upgrading skills and productivity instead of lowering wages and degrading working conditions. These recommendations concern:

- 12,5% of the adult population in lifelong learning;
- The reduction of the number of early school leavers to no more than 10% by 2010;
- To offer young people a job or activation measure within 6 months;
- 25% of long term unemployed to be offered a new start by 2010;
- A substantial reduction in gender pay gaps;
- Childcare facilities for children under three years and between three years and mandatory school age (with targets respectively of 33 and 90%).

The ETUC considers it essential to strengthen this approach further by enlarging it with indicators, targets and guidelines especially on the need to reduce the number of working poor and to defend and promote decent wages as well as strengthening existing targets on activation of adult unemployed after 6 instead of 12 months and defining a target for the reduction of gender pay gaps.

Guidelines on social protection should be better integrated into the set of the Lisbon integrated guidelines.

Also the focus on quality of jobs, not only as an overarching objective but especially as an issue to undertake concrete policies to improve the quality of work in the European labour market.

Put quality of jobs at the centre of Lisbon Strategy

To increase the practical relevance of the EES as well as to ensure that the flexibility discussion avoids the danger of 'bad job traps', the ETUC asks the Portuguese presidency to promote the dimension of quality of jobs. On the basis of the Laeken indicators, described also in the 2003 Commission communication, an in-depth study of the state of affairs on job quality in Europe should be made. Particular attention needs to be paid to the rise of new forms of contractual arrangements and work practices leading to precarious work and excessive flexibility (including for example bogus self employed, involuntary part time, on call contracts, zero hour contracts, abuse of temporary agency work, chains of fixed term contracts, part time as an obligatory 'choice' because of the non-existence of affordable and quality child care facilities). Moreover, it should also be investigated how a European wide answer to these problems can be sought so that a European level playing field can be provided for individual member states efforts to tackle these problems and to increase levels of security for workers.

Indeed, a majority of European citizens, according to Eurobarometer, is of the opinion that Europe is necessary to set social conditions and safeguards for workers in the internal market competition.

The report on the quality of jobs, prepared by the Portuguese presidency, should be used as a basis for the Joint Employment report 2007/2008. It should also be used for the Commission comments on the national reform plans 2007 as well as for the Commission report on Community dimension of the Lisbon agenda. In this way, the theme of 'quality of jobs' can turn from an overarching principle into a meaningful concept for policy, thereby keeping Europe safe from the Brussels/Washington/Frankfurt consensus of always more market and always fewer workers' rights.

The development of skills, competencies and knowledge is crucial for citizens' participation in the labour market. ETUC has supported European cooperation in field of lifelong learning as trade unions see European actions as a crucial mean to foster national politics. ETUC supports the choice of the Portuguese presidency by putting the recognition and validation of learning and teachers and trainers as its main priorities in field of lifelong learning. The ETUC is looking for a final political solution on the European Qualifications Framework to be taken in the November Council.

SUSTAINABLE DEVELOPMENT

In December, the European Council will consider the progress made in implementing the EU's sustainable development strategy, revised in 2006. The ETUC reiterates that the June 2006 Council defined the EU's sustainable development strategy as the "general framework" for the Lisbon Strategy.

The ETUC urges the Council to assess the extent to which the Lisbon Strategy, via guidelines for growth and employment in particular, has contributed to sustainable development objectives. In view of this evaluation, the ETUC wants to see environmental fiscal reform, research and development and training policies integrated into the Lisbon Strategy in order to support intelligent and sustainable growth.

Climate change

The ETUC asks the Portuguese presidency to implement the European agenda in the areas of the fight against climate change and energy in a way that combines environmental, social and economic objectives. In particular, the ETUC stresses the importance of an appropriate *ex-ante* evaluation of the impacts on employment that emission reductions will have, the implementation of a European observatory on economic and social changes connected with climate change and the need for national transition employment programmes supported by European funds.

The ETUC urges the Portuguese presidency to adopt the draft directive on the inclusion of international aviation in the European Union's CO₂ emissions trading scheme with an ambitious upper limit.

The European Union must use its full weight to ensure that the Bali conference draws up a route map for negotiations on the future post-Kyoto scheme with a view to reaching an agreement in 2009.

Energy

The ETUC stresses the urgent need to introduce a European energy policy that will contribute not only to the fight against climate change but also security of supply and access to a high-quality energy service for all.

In particular, the ETUC asks the Portuguese presidency to:

- examine current energy efficiency policies and propose additional policies in order to reach the energy efficiency objectives set for 2020;
- promote the use of the structural and cohesion funds to support energy upgrade programmes for buildings;
- ensure that the provision of social tariffs and protection of vulnerable consumers form part of the missions delegated to energy regulators in all EU countries;
- promote a genuine European industrial energy strategy including: long-term planning for investments in energy generation and grids; research and development and public and private investment in clean energy sources and technologies; raising the level of qualifications required for new environment industry branches and training for workers; and appropriate regulation of the market to guarantee stable and transparent prices for companies.

The ETUC reiterates its opposition to the obligation to unbundle system operation activities from other energy group activities.

3. SOCIAL EUROPE

A number of issues will be on the European agenda during the Portuguese Presidency. ETUC would like to draw the attention to the following aspects:

Gender Equality

Even if women more today than before participate on the labour market, often they face more precarious and insecure jobs characterised by excessive flexibility compared to men. Addressing gender equality is one key not only to achieve equal rights, but also a tool to improve labour market performance. Following the persistence of traditional gender roles, women have more care responsibilities where children and elderly people are concerned, and face greater difficulties where the combination of work and non-work activities are concerned. Moreover, despite anti-discrimination legislation, the gender pay gap persists and women often have fewer entitlements in terms of social security including pensions.

Reconciliation between private and professional life

The ETUC has welcomed the consultation by the Commission as an important step towards addressing the issue of reconciling private and professional life and as an important element in dealing with the demographic challenge facing the EU.

Although much has been done in the past both from a national and a EU perspective – Barcelona targets on childcare in 2002, Guideline on reconciliation in the Integrated Guidelines for Growth and Jobs 2005, the Roadmap for gender equality 2006 which highlights the issue and the European Pact for Gender Equality 2006, which commits MS to achieve the Barcelona targets, improve care facilities and promote parental leave for women and men – and by the social partners – negotiation of the parental leave Directive, Part-time work Directive and more recently the Framework of Actions on Gender Equality which highlights the issue as one of the 4 priority areas for action – much remains to be done.

The ETUC's approach to this issue is two-pronged in that it has both a gender equality and an employment dimension, both of which must be considered in tandem if progress is to be made. Moreover, several issues need to be addressed in new or revised legislative measures (regarding maternity protection, new forms of leave such as paternity leave, and strengthening parental leave).

ETUC calls on the Portuguese presidency to support the process in the second stage consultation. The ETUC will play a proactive approach on these matters in the context of the European social dialogue.

Pay Gap

During the Portuguese presidency the European Commission will issue a Communication on the Pay Gap. ETUC very much welcomes this initiative, as despite legislation and action taken in this area over many years, a pay gap of some 15% on average remains across the EU.

The ETUC acknowledges the particular role to be played by the social partners, especially via collective bargaining, in reducing the pay gap. But we also see a role to be played by the EU and public authorities. While legislation exists in all MS, it is not always implemented nor respected.

In addition, the role of labour inspectorates in this domain could be strengthened to ensure that collective agreements comply with the principle of equal pay and to closely scrutinise job evaluation schemes. Consideration could also be given to the possibility of setting up national equal pay task forces to increase awareness about equal pay, actions and recommendations to tackle it.

Another positive measure, linked to the current debate on reconciliation is to take into account the caring dimension and, for instance, count time spent on parental leave or maternity leave for purposes of promotion and pay increases.

ETUC is calling on the Portuguese presidency to actively support these initiatives.

Health and safety

On the 30th May the Council adopted a resolution on the New Community strategy 2007-2012 on health and safety at work. This resolution stresses the need to recognize the importance of Good Work and its underlying principles, i.e. workers', rights and participation, equal opportunities, safety and health protection and a family-friendly organisation of work.

The ETUC expects the Portuguese presidency to call on the Commission to initiate rapidly initiatives to address the current situation resulting from the growing precarious labour market and to present the necessary legislative proposals, following the 2nd stage consultation of the social partners on musculoskeletal disorders (MSD) and the exposure to carcinogens, mutagens and substances toxic for reproduction.

Considering their major impact on the health of workers, MSD is the prime source complaint of European workers and in order to support the implementation of REACH, it is urgent to have a legislative initiative in order to expand the scope of the present directive and to extend the list of mandatory occupational limit value.

The ETUC would also like to draw the attention of the Presidency to the need to ensure that the action programme for reducing administrative burdens in the European Union, focusing on a number of priority areas proposed by the Commission in the field of health and safety and major industrial accidents prevention, does not bring a reduction in the obligations of employers regarding risk assessment and the principles of information, consultation and participation of workers. In this respect, the pilot project to be set up by the Commission must not interpret the legal obligations mentioned as administrative burden.

Company law, information, consultation and participation

The fundamental right of European workers to be informed and consulted is recognised and protected by an array of legal measures that today the European Commission wants to consolidate. We refer to the review and modernisation of Community legislation on information and consultation, collective redundancies, safeguarding employees' rights in the event of transfers of undertakings and, in particular, the long-awaited revision of Directive 94/45/EC.

It is widely recognised that some shortcomings in the EU legislation and its implementation in Member States must be repaired. Furthermore, the implementation of directive 2002/14 has been used by some governments (and many companies) to weaken trade unions positions, either by injecting competition between elected employee representation bodies and trade unions or through the blockage of strategies aimed at reinforcing collective bargaining and workers' participation. The result is that, too often, companies take their decisions without informing and consulting their employees.

The ETUC expects the Portuguese Presidency to take an initiative to foster information and consultation rights making them to a keystone in the edifice of workers involvement in the EU by

- not accepting the fact that EU MS adopted only a minimum interpretation by transposing the framework directive (2002/14) into national law,
- caring for that the transposition is respectful of trade union rights and prerogatives and does not cause a weakening of their position at the workplaces,
- making guaranteed that the obligation of immediate information and consultation of employees on economic matters takes really place, particular in cases where no worker representation body is existing, neither a works council nor a trade union representation, which is characteristic for most of SMEs throughout Europe,

Also Directive 94/45/EC must be improved. The current legislation does not allow a peaceful exercise of information and consultation rights: we record an increasing number of disputes ending in open conflicts or before national courts.

Employee participation and companies' governance

The ETUC defends a proper corporate regulation in Europe, where workers' representatives and their trade unions must be in the driver seat and not only remedying at the negative consequences of restructuring. On one hand, it is necessary to seek a proper relationship between free movement of companies and capital supported by EU legislation and on the other hand the socio political requirements to companies, which also need to be anchored legally not only in the field of social policy. With the existing legal provisions on board level interest representation in many EU Member States together with the provisions of, at least, the European Company (SE/SCE directive) and the 10th directive the trade unions must be part of hard core corporate structures. In this regard, even the outstanding proposal of a 14th directive of European company law ruling out the cross-border transferral of the registered office should be subject for promotion by the Portuguese presidency.

A new type of capitalism spreading in Europe is underlining strongly the importance of this debate. Investment funds of different types are dominating the European financial markets. Aggressive financial players like private equity funds are changing, step by step, the equilibrium in the companies' governance pushing the management to achieve the best profitability of the investments in the short term, imposing hard restructuring.

The ETUC wants the Portuguese presidency to open a debate on how companies could be prevented from becoming only a puppet on the string of the financial markets and which important and effective role workers and trade unions could play to counterbalance undesired consequences of such developments.

The ETUC wants to address the importance of safeguarding workers' rights and interests on jobs and decent workplaces in targeted companies and of providing workers with an obligatory European right of interest representation in company (supervisory) boards. In question of effecting legal improvements beneficial to workers according to those considerations are a number of already existing EU directives like on information and consultation (2002/14), on the transfer of undertakings (2001/23), on mergers of companies (78/855) as well as on cross-border mergers (2005/56).

Even an add-on to the transfer of undertakings directive (77/187/EC) which is currently under revision could be used to extend workers protection also on take-overs by private-equity. This directive includes again important employee rights to information and consultation.

Migration

During the second half of 2007 the European Commission will further develop the Den Haag agenda on migration. It will focus on proposals regarding the opening up of legal channels for economic migration, tackling irregular migration, integrations of migrant workers and their families and the relationship with the countries of origin. Last May, the European Commission has presented a draft directive on employers' sanctions to intensify the fight against the employment of third country nationals staying "illegally" in the EU. It is also announced that in September the Commission will present draft directives in high skilled workers and on the rights

of migrant workers that are legally staying, but not covered by the long-term resident directive.

The protection of human rights and labour standards for migrant workers - whatever their nationality or legal status – is ETUC's top priority. This is the only way to genuinely address the exploitation of irregular migrants, as well as opening legal channels for migration that not only focus on high skilled workers.

For the ETUC it is important that Member States are tougher on those employers and others who profit from abusive working conditions. But the EU's approach should also refer to the importance of monitoring and enforcing minimum labour standards and protecting the human rights of migrant workers. Employers and their organisations should also show a more unambiguous commitment in this regard. Providing bridges out of irregular situations for undocumented migrant workers and their families, and enabling them to report exploitative conditions without fear of immediate deportation, are key if we want to put an end to these situations.

More active social policies - and their effective implementation and enforcement at national and EU level – are needed to end unfair competition between companies and Member States at the expense of migrant workers' rights. It must be recognised that every person – with proper documents or not – is to be valued and respected as a human being and should be entitled to the basic human rights and minimum labour standards (including decent working conditions, freedom of association and protection against forced labour) that all citizens should enjoy.

The ETUC calls on the Portuguese Presidency to support a balanced approach to this issue, and to put the highest priority on tackling labour exploitation.

Cross-border mobility

The ETUC calls on the Portuguese Presidency to recognize the need to create a positive framework for the cross border mobility of workers, in order to support the coming about of a European labour market, based on the principle of equal treatment and the upwards harmonisation of working conditions and social systems.

The proper implementation of the Posting of Workers Directive is certainly part of the answer to this challenge.

PENDING LEGISLATIVE PROPOSALS

Working Time Directive

The Portuguese Presidency should pursue efforts and take the necessary steps in order to finalise the revision of the Working Time Directive that is currently blocked in the Council of Ministers. If the European Union is genuinely interested in promoting a 'Flexicurity' agenda, then the debate on how to provide workers throughout Europe with minimum security while offering workers and firms opportunities to negotiate flexible working time arrangements is key. The ETUC will continue to fight for a Working Time Directive that puts an end to the individual opt-out and develops balanced solutions to deal with on-call time in the workplace, while respecting ECJ decisions.

Temporary agency work directive

There has been a common understanding in the EP, shared by the Commission and the Council, that temporary agency work should be excluded from the Services Directive and deserves a specific regulatory framework at EU level. The need for such a framework is becoming more urgent with the increase of cross border mobility of workers and services, and the increased potential for abuses and manipulation by agencies and gang masters. It is now high time to make an attempt to break through the deadlock about the Draft Directive on Temporary Agency Work. The Portuguese Presidency could play an important role, taking into account for instance that Germany has regulated temporary agency work at national level in line with the equal treatment rights of temporary agency workers proposed in the draft Directive.

Directive on the portability of occupational pension rights

Improving the conditions for the portability of occupational pension rights and the preservation of dormant rights must be one of the objectives for promoting mobility. On 20 June 2007, the European Parliament adopted the proposed directive on supplementary pensions. However, the ETUC believes that this text is misleading because, in comparison with the initial draft proposed by the Commission, it has taken a step backwards on several points, namely:

- The vesting periods, i.e. the periods during which the employee works but does not acquire any rights, is raised to five years (as compared to a maximum of two in the initial proposal). This means that employees hired under successive fixed-term contracts, an increasingly widespread situation due to the lack of employment security, will never be able to acquire supplementary pension rights because such contracts are frequently limited to two years;
- In the same way, the provision for employees moving from one company to another to transfer 'acquired rights' and reinvest them in the pension fund attached to their new employment, this individual option (which is not an obligation and does not exclude the specific provisions adopted and negotiated between the Social Partners), has been deleted from the new text, a measure that can hardly be interpreted as encouraging mobility;
- The minimum age for the acquisition of pension rights is raised from 21 years in the initial proposal to 25 years, penalising young people;
- As regards information to employees on their acquired rights and on the conditions governing those rights was initially a right and an obligation. According to the text adopted, such information will only be provided if requested by the beneficiary. Such a measure does not encourage transparency, which is vital in this field, and may in time lead to unpleasant surprises for the beneficiaries who have not been informed in advance.

For the ETUC, the proposal as amended and adopted does not respond to the challenges facing working life today. The Confederation calls upon the Presidency to take the initiatives required and to be more daring in this area in order to:

- really improve the social rights of workers moving either within a Member State or within the Union;
- significantly diminish the obstacles to their mobility that were already identified at the time of the creation of High Level Group on Workers' Mobility, ten years back, in other words in 1997!

Revision of the directive on transfer of undertakings

The directive on Transfers of undertakings will be revised. This directive includes important employee rights to information and consultation. The ETUC considers that this should be a matter of interest for the Portuguese presidency.

The ETUC defends a proper corporate regulation in Europe, where workers' representatives and their trade unions must be in the driver seats and not only remedying at the negative consequences of restructuring. On one hand, it is necessary to seek a proper relationship between free movement of companies and capital supported by EU legislation and on the other hand the socio political requirements to companies, which also need to be anchored legally not only in the field of social policy. With the existing legal provisions on board level interest representation in a lot of EU Member States together with the provisions of, at least, the European Company (SE/SCE directive) and the 10th directive the trade unions must be part of hard core corporate structures.

Framework directive on Services of General Interest

Public services are a key element of Social Europe and need to be developed in order to implement fundamental rights, as anchored in the Charter of Fundamental Rights, and contribute to the social, economic and regional cohesion of the European Union. Liberalisation and privatisation must not be the only way forward – the promotion and development of public services is also important. The social dimension of the internal market must be strengthened. This could be achieved by the adoption of the framework directive that aims to ensure that the general interest - which is embodied in the principles that underpin quality public services such as solidarity, universal access, and affordable prices - prevails over internal market rules that should not be used to undermine key public services, and particularly in the debate on social and health services.

The ETUC emphasised the importance of the demand to make an evaluation of the liberalisation and privatisation that has already taken place - for the benefit not only of consumers but also of the workers involved. The ETUC cannot accept the principle that all services relating to health, social welfare, water supply and so on should be liberalised. There must be further reflection before going ahead with more liberalisation and privatisation in areas such as postal services, energy, etc. The ETUC has proposed a pause – a “moratorium” - in order to allow for a framework directive to be drawn up, and agreed in co-decision with the Parliament. The Portuguese Presidency has to discuss with the Commission how to make further steps in the right direction.

4. THE SOCIAL DIMENSION OF THE INTERNAL MARKET

The internal market review

It is in the context of the recently adopted Services Directive, the unbundling of energy and the liberalisation of the postal sector that the European Commission launched an in-depth revision of the strategy of the Single Market as defined in the mid-1980s. Its report on the internal market review, due to be published in October, will be discussed at the European Council of December 2007.

The ETUC believes that the social dimension of the internal market is a fundamental component of the internal market project as initiated by Jacques Delors. The Single Market must continue to be based on the triangle defined at the time of the launch of the Objective 92: growth, competitiveness, employment. The ETUC vision of the Single Market is rooted in the strategy confirmed by our recent congress, held in Seville that the internal market should include a strong social dimension, notably respect for fundamental social rights and social justice.

Economic and social development must go hand in hand with the basic objective of harmonising living and working conditions upwards and with full respect for national industrial relations systems. The ETUC believes that the key to a sustainable internal market and to achieving the basic objectives is fair competition. Fair competition means a level playing field for companies and fair working conditions and equal treatment for workers. The long-term instrument for the creation of the internal services market must be basic harmonisation of quality, content and safety standards. The creation of the internal services market must take account of the possibility for Member States to maintain high standards on social and environmental requirements and the protection of workers' rights. What we see is a growing discrepancy between advances in the field of competition - the opening of telecommunication markets, gas and electricity - and limited ambitions in the social field. Therefore the ETUC calls on the Commission to draw up a pluralistic and transparent social impact assessment of the Single Market.

As a lesson from the battle on the services directive, the ETUC insists to include the Monti clause (EC Reg. 2679/98)² in all legislation of the Single Market. This would ensure that the implementation of the four fundamental freedoms of the Single Market does not impede collective bargaining rights and the right to strike as defined by national legislation. Already appearing in some sector related legislation, the Monti clause is an effective instrument to guarantee a balance between the completion of the Internal Market and the maintenance of a high level of social welfare. The ETUC welcomes job creation in service sectors across Europe but has serious doubts about the claimed positive employment effects of the current proposals for postal services and the "unbundling" in the energy sector. The European Court of Justice' decisions in the Viking and Laval cases, which will take place during the Portuguese presidency, could have profound consequences for the social dimension of the Internal Market and for the maintenance of fundamental trade union rights.

² "This Directive may not be interpreted as affecting in any way the exercise of fundamental rights as recognized in Member States and/or in the EU Charter of fundamental rights, including the right or freedom to strike. These rights may also include the right to take other action covered by the specific industrial relations systems in Member States."

The ETUC asks the Portuguese Presidency to push the Commission towards a more balanced internal market strategy with a strong social dimension.

Better regulation

The ETUC recalls its support for the improvement of the European legislation in order to fulfil the needs to regulate the economic development of Europe in particular the internal market and to ensure the implementation of the social charter principles. In this line, the ETUC stresses the need to ensure the reinforcement of the democratic process of elaboration of European regulations, the need to ensure their full implementation at national level as the need to organize a permanent return of experiences with the support of the social partners and the other concerned actors. Also in this line the ETUC recalls the role of the social partners as co-legislators in the field of social policies and the need to ensure their full consultation on all regulations that have a social link, be it economic, social or environmental regulations.

The ETUC insists that any simplification initiative, including the codification of social directives, is subjected to consultation of social partner in line with the Treaty and recalls that presently the impact assessment of community initiatives dealing with the social chapter is done by the social partners. If the Commission considers that a supplementary impact assessment should be performed, the results of the exercise should be part of the consultation process.

Finally, regarding the objective of the reduction of 25% of the administrative burden by 2012, the ETUC calls the attention of the Presidency that this objective should neither jeopardize the principles of the social charter nor the rights of information and consultation of workers.

5. TRADE AND EXTERNAL RELATIONS

WTO Trade Negotiations

ETUC calls for active external policies that will help develop employment in Europe in accordance with the EU's policy objectives, such as respect for the EU Charter of Fundamental Rights, promotion of quality employment, development of environmental policy, promotion of public services, including health, education, and water at international level, i.e. the emergence of new development concepts.

The ETUC is in favour of a revision of European trade policy to improve its contribution to growth and the creation of jobs in Europe. The ETUC is opposed to the inclusion of public services in trade agreements and trade rounds such as Doha.

EU's bilateral and association agreements

Social and environmental standards should be incorporated in all EU bilateral trade and association agreements, with effective provisions to ensure implementation and social partner involvement, in particular in the bilateral free trade agreements currently being negotiated South Korea, India and ASEAN; and the Association Agreements with Central America and the Andean Community. The same approach should be taken in other ongoing negotiations, such as those on Economic Partnership Agreements with ACP countries, with Mercosur, and in connection with action plans under the European Neighbourhood Policy. We welcome EU moves to promote

social dialogue and decent labour standards in the ASEM context, and urge the Presidency to pursue that policy, notably in the context of the forthcoming ASEM labour ministers' meeting.

Relations with Africa

ETUC urges the presidency to give a significant impulse to economic and social development, and social partnership and good governance, in Africa. The EU-Africa summit provides a major opportunity in this respect and the ETUC will make known in good time the proposals and the views of the European trade union movement on this important political objective. We consider that the involvement of Robert Mugabe would negate any approach aimed at promoting good governance.
