

ETUC RESOLUTIONS 2005



EUROPEAN TRADE UNION CONFEDERATION

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Executive Committee - March 2005

1 “REVITALISE THE LISBON STRATEGY” by keeping the balance between the economic, social and environmental pillar and by reforming the macro-economic policy framework

15-16 March 2005

INTRODUCTION

The ETUC has welcomed the Lisbon strategy as heads of governments and states decided five years ago in March 2000. More specifically the ETUC supported the balanced and integrated approach between economic, social and environmental policies. And trade unions welcomed the political commitment to full employment and to more and better jobs and a greater social cohesion.

Some progress has been made but Europe is far from meeting the key objectives. The upcoming Spring Council will seek to relaunch the Lisbon strategy and there is no doubt that a revitalisation of the strategy is necessary. The crucial question is in which direction we will move in the next five years to become the most competitive knowledge based society with more and better jobs, social cohesion and a sustainable environment. The recent debate about a trade-off, even a temporary one, between the economic, social and ecological dimension leads in the wrong direction. Europe cannot face global competition on the basis of low social standards; its future lies on the “high road” of high productivity, high quality and high wages. The reform of the European macro-economic framework is essential. Macro-economic policies should not only be about ‘stabilising’ the economy but also about ‘dynamising’ the economy to turn Europe into its own engine of growth.

On 2 February 2005, the Commission published its report on the review of the Lisbon Strategy, called 'Working together for growth and jobs. A new start for the Lisbon Strategy'. The Commission's communication sets out the proposals to correct the Lisbon process with the aim of improving its implementation. Alongside the main communication, several other communications and papers have been published by the Commission. These concern:

- Commission staff working document in support of the report from the Commission to the Spring European Council
- Lisbon action plan incorporating the EU Lisbon programme and recommendations for actions to member states for inclusion in their national Lisbon programmes
- Delivering on growth and jobs: A new and integrated economic and employment co-ordination cycle in the EU
- Communication from the Commission on the social agenda

MAJOR TRADE UNION CONCERNS

A number of issues which are mentioned in the different documents can be supported and are of great importance to trade unions:

- Increased and improved investment in research and development
- More investment in modern infrastructure
- Consideration of common consolidated corporate tax base
- Provisions of high quality services of general interest to all citizens

For the ETUC there is no problem if Europe focuses more on sustainable growth in order to create more and better jobs. And there is no problem if we make all efforts to improve the competitiveness of firms and companies as long as we can keep the three pillars – the economy, the social and the environmental pillar - in balance!

The trade union concerns rest on the fact that a number of important elements are missing and the different texts give too much space for different conclusions and different interpretations. The different documents of the Commission rarely give the impression of

a new start to the Lisbon strategy, they are to some extent contradictory and therefore not at all a good example for a better European governance. Most of all the fact that the proposed new Lisbon agenda has been scaled down can be proved by two examples:

1. The original target of an employment rate of 70% by 2010 is no longer mentioned. The new objective is now to create 'at least' 6 million extra jobs, which is a long way off the 22 (or even 25) million jobs that are needed to be created for the 70% employment rate to be achieved. The '6 million job figure' also stands in stark contrast with the fact that the EU 15, in the latter half of the nineties, created no less than 11 million jobs, almost twice the figure the Commission is now putting forward.

2. The initial objective of a 3% annual growth target is now reworded into an additional boost of the level of GDP (not the annual average growth rates of GDP!) by 3% by 2010. This implies bringing the (potential) annual growth rate up from 2% now to 2.5%. Again, this is not very spectacular compared to the latter half of the nineties when the economy was growing at an annual average of 2.7%, and this without much of a 'structural reform' agenda!

This should not be the new approach of the Commission, therefore the ETUC urges the European Spring Council to make the perspective of the member states on the future of the Lisbon strategy crystal clear in order to avoid any misunderstandings! As the Kok report stated: "Greater focus is required to build a better understanding of why Lisbon is relevant to every person and citizen in Europe". Workers will not understand if it is all about more business friendly governance without taking their fears into consideration.

Workers and citizens have been hearing the mantra of labour market and welfare reform for years. In fact, when we look at recent European policy making, we observe that Europe has made reform after reform. If we look at the inventory of reforms that have been made over the past ten years in Europe, the list is impressive. Every single action aimed to raise the growth and employment in Europe. So, judging from this list, Europe should by now be the fastest growing region in the world. This obviously is not the case!

KEY ETUC DEMANDS AND PERSPECTIVES: STRENGTHENING THE LISBON STRATEGY BY BETTER IMPLEMENTATION AND A CLEAR COMMITMENT TO THE ECONOMIC, SOCIAL AND ENVIRONMENTAL OBJECTIVES

For the ETUC, it is clear that the Commission's proposals for the mid-term review falls short of what is needed. Further clarifications as well as corrections are needed. The ETUC underlines the importance of the objectives of 'high level of employment' and 'high level of social protection' included in article 2 of the EC Treaty. Furthermore, the EU Constitution in Article I-3 refers to more ambitious Union's objectives such as 'highly competitive social market economy, aiming at full employment and social progress' It is also in this context that the ETUC calls upon all 25 European leaders to provide the necessary improvements at the upcoming Spring Council.

MAINTAIN THE LISBON OBJECTIVES AND THE BALANCE

1. Re-establish confidence in the Lisbon agenda. Reassure European workers and citizens that economic, social and environmental Europe is at the core of Europe's policies! That a social and an environmentally friendly Europe are a force for productivity and innovation, not simply a burden for business.

2. Re-affirm Europe's commitment to full employment with more and better jobs. Maintain the objective of a high employment rate in total, for women and for older workers (70/60/50) in the medium term.

STRENGTHEN THE LINK OF PRO ACTIVE MACRO-ECONOMIC POLICIES

3. With the Stability and Growth Pact as it exists at present, Europe is not able to engage in an agenda of innovation. Europe does not have the luxury to wait another five years or so for deficits to be eliminated before investing massively in innovation, research and development and infrastructure. Ensure that the reform of the Stability and Growth Pact is not limited to avoiding a fiscal contraction in a downturn. Also make sure that they provide countries with more scope macroeconomically. Do so by 'Lisbonising' the pact and by considering Europe's innovation gap as an 'exceptional circum-

stance' warranting a temporary deviation from the Stability Pact and the 3% for those Member States investing in the Lisbon priorities of research, training and active labour market policies.

4. Improve the implementation of the European growth initiative and act together by organising a European framework for 'national recovery plans' which have to be discussed and approved at the European level.

5. Strengthen economic governance in the euro area. Improve fiscal policy by focussing on the euro area's average deficit and providing Europe with the necessary budget. Use the macroeconomic dialogue for an in-depth discussion with the ECB on its mandate (price stability and growth), its inflation target and its monetary policy strategy.

6. Define European rules for the corporate tax base and install minimum tax rates to avoid competitive tax dumping. A common tax basis has to be supplemented by a minimum tax rate on profits.

7. Macro-economic policies are an indispensable part of an agenda for growth and jobs. For growth and jobs to materialise there needs to be supply **and** demand side policies. Acknowledge that wage policies autonomously set up by the social partners with real wage developments consistent with productivity growth will strengthen domestic demand and can contribute to economic growth.

STRENGTHEN SOCIAL EUROPE AS A FORCE FOR PRODUCTIVITY AND INNOVATION

8. By helping workers to be able to cope with the process of structural change, social Europe is not just a financial burden. Instead, social Europe is at the core of Europe's competitive advantage and the process of growth and job creation. This is in particular true for investments in learning capacities in general. Investing in learning capacities are essential for innovation and should become a priority in innovation policies. In this respect increased access to lifelong learning for all workers is indispensable. Policies to reconcile working and family life should contribute to ensuring that men and women can participate in the labour market on the same terms.

9. Take the Social Policy Agenda much more on board to make the social dimension visible. Address workers' fears concerning restructuring and delocalisation by strengthening workers participation. Use all instruments (legislation, social dialogue, open method of coordination and the structural funds) to fight for social cohesion and prevent social dumping

10. Clarify that modernising social protection is about strengthening and improving, not weakening the system of solidarity. State clearly that unemployment benefit reforms should support the unemployed in their search for new jobs and that 'making work pay' should be done by providing decent wages.

11. Pressing workers to work long hours is too easy a solution. Bringing more people into jobs, not getting people to work more is the adequate response to the demographic challenges. The improvement of working conditions and the quality of work enables older workers to stay longer at work. The current revision of the working time directive should lead to more, not less control on those employers that force workers to work excessively long hours.

12. A fundamental overhaul of the Bolkestein directive is necessary to avoid a free market of services becoming synonymous with social dumping. Also make sure that a single market for services does not threaten services of general interest.

STRENGTHEN THE ENVIRONMENTAL DIMENSION

13. Recognise the positive contribution of environment policy to growth and employment through the development of environmental technology and eco-innovation as well as sustainable management of natural resources.

14. Strengthen the EU climate change policy in order to achieve the necessary long-term emission reductions, taking into account considerations related to employment and social quality. In this respect the ETUC demands the immediate adoption of proposals for an environmental tax reform and a European framework for transport infrastructure charging policy, which takes account of the social impact whilst providing exemptions for social consumption bands.

15. Adopt the REACH proposal as soon as possible by taking into account ETUC's demands so that it can help to reduce the risks of occupational diseases caused by dangerous chemicals.

16. Launch a dialogue on how to anticipate and manage change related to sustainable development transition.

SUPPORT FOR THE EUROPEAN YOUTH INITIATIVE

ETUC welcomes the European Youth Initiative within the framework of the Lisbon Strategy. It should allow for more coherent attention to be given to young people and to problems which affect them.

Young people are one of the most vulnerable groups in the labour market, facing higher unemployment rates and having to accept precarious and low paid jobs.

For this reason, the Youth Initiative should be focused on:

- fighting against youth unemployment
- promoting the quality of youth employment by tackling its precarious nature
- improving specific measures to facilitate the sustainable integration of young people in the labour market (transition from school to working life)
- promoting high quality initial education for all and vocational education and training as well as access to life long learning.

ETUC believes it is crucial to associate young people, especially young workers, in the different steps of this process. Moreover, ETUC considers that Europe needs a truly inter-generational approach which should be part of the Youth Initiative.

SOCIAL PARTNERS INVOLVEMENT

Finally the ETUC stresses the importance of involving social partners at national and European level and underlines their capacity to contribute to the implementation of the Lisbon strategy. Lisbon will not be implemented if policies are decided over the heads of workers. Implementation implies 'ownership' and 'ownership' can only be achieved on the basis of social dialogue at all levels.



COUNCIL OF EUROPE: ETUC STATEMENT ON THE OCCASION OF THE 3RD SUMMIT OF HEADS OF STATE AND GOVERNMENT

15-16 March 2005

THE ETUC WANTS HEADS OF STATE AND GOVERNMENT TO STRENGTHEN FUNDAMENTAL SOCIAL RIGHTS DURING THE 3RD SUMMIT OF THE COUNCIL OF EUROPE IN MAY 2005 IN WARSAW

1. The Council of Europe will hold a Summit of Heads of State and Government on 16 and 17 May 2005 in Warsaw, at the invitation of the Polish Government. The European Trade Union Confederation (ETUC) takes this opportunity to underline the basic principles for the Council of Europe.

2. The 3rd Summit is seen in consequence from the first two Summits 1993 in Vienna and 1997 in Strasbourg which have mainly stressed the basic role of the Council of Europe in respect of the protection of fundamental rights and freedoms throughout Europe as a whole. Since the first Summit in Vienna, the Council has doubled in size. It now has 46 member countries and covers a Europe of around 800 million citizens. "The goal of the Summit of Heads of State and Government is to ensure the Council's relevance for Europe's 800 million citizens and guarantee that its objectives and functioning address the challenges they face in the new century." The ETUC fully endorses this goal for the 3rd Summit.

3. More particularly, in respect of the role of the Council of Europe in the new century the ETUC takes the view that it should spread the fundamental ideas, values, principles and rights which are at the basis of the Council of Europe's vocation: democracy, rule of law, fundamental rights as well as reinforce the protection of fundamen-

tal rights in general and the fundamental social rights in particular by giving those main instruments a new effective impetus.

4. Concerning the European Convention on Human Rights which is at the basis of the fundamental rights protection in all the 46 Member States the ETUC asks that the Council of Europe to continue all efforts to strengthen the European Court of Human Rights. Furthermore, all Member States should ratify all additional Protocols, in particular of Protocol No. 12 on non-discrimination and give full effect to the judgements of the European Court of Human Rights.

5. Stressing the specific role of the (Revised) European Social Charter as complementary social ‘counterpart’ to the European Convention on Human Rights following the principle of indivisibility of all human rights be they civic and political or social, economic and cultural, and underlining the references in the EU and EC Treaty as well as in the Charter of Fundamental Rights the ETUC asks that all Member States should

- ratify the Revised European Social Charter and accept all provisions, in particular the fundamental trade union rights (Articles 5 and 6) as well as the Turin Amending Protocol and the Protocol on the Collective Complaints Procedure;
- implement the provisions of the Revised European Social Charter in law and practice, in particular by giving full effect to the conclusions of the European Committee of Social Rights and the Governmental Committee as well as the Recommendations and Resolutions of the Committee of Ministers taking specific care of making the trade unions rights effective;
- consult and cooperate with representative trade union organisations, in particular ETUC affiliates, when preparing the reports on the implementation of the (Revised) European Social Charter and – where appropriate – to establish a tripartite structure at national level to deal with all Council of Europe matters;
- make every effort to support initiatives of the Council of Europe aimed at reinforcing fundamental social rights, in general, and the procedure for monitoring the Charter, in particular:
- organise seminars aimed at improving the knowledge of the contents of the Charter (with the case law of the European Committee of Social Rights) and the monitoring system in the

administrations as well as (Constitutional and Labour) Courts with representatives of the Council of Europe, trade unions and employers' organisations;

- systematically publish the (Revised) European Social Charter with explanations and concrete examples in schools, universities, trade unions and employers' organisations.

6. Particularly in the current situation, where employment relationship is becoming more and more precarious and individualised, the Council of Europe should give special attention to the need to secure workers' collective rights to organise in trade unions and to bargain collectively taking into account the universal minimum standards and jurisprudence established in particular within the International Labour Organisation (ILO).

7. In the field of fundamental (social) rights the Council of Europe should cooperate with the EU more closely. Concerning the EU Fundamental Rights Agency the two organisations should improve the information flow in fundamental social rights matters taking into account, in particular, the conclusions of the European Committee of Social Rights examining the implementation of the rights guaranteed under the (Revised) European Social Charter in all EU Member States as well as the acceding countries.

8. Finally, the ETUC welcomes all efforts to increase the role of the civil society in the Council of Europe. Nevertheless, the specific role of the social partners in the Council of Europe should not be undermined but strengthened.



TOWARDS A PRO-ACTIVE EU POLICY ON MIGRATION AND INTEGRATION

15-16 March 2005

ETUC response to the Commission's Green Paper on a EU approach to managing economic migration

1. INTRODUCTION:

1. ETUC is highly committed to fighting for a *Europe characterised by openness, solidarity and responsibility*, as expressed on numerous occasions. This resolution builds on previous ETUC resolutions and positions on this issue, adopted since the Helsinki congress 1999.¹

2. On 11 January 2005, the European Commission launched a public debate on economic migration, and invited all interested parties to submit their views on a 'Green Paper on an EU approach to managing economic migration', no later than 15 April 2005.

ETUC wants to contribute to the debate with this resolution, and the response to the Green Paper in the Annex.

2. KEY ELEMENTS OF A PRO-ACTIVE APPROACH

ETUC is convinced that it is time to adopt a more pro-active EU policy on migration and integration in the interest of Europe's current and future population that is based on the recognition of fun-

¹ <http://www.etuc.org> Helsinki, 1 July 1999: European Trade Unions without Borders Brussels, 13-14 December 2000: Post-Nice enlargement of the European Union Brussels, 10-11 October 2001: Towards a European policy on immigration and asylum Brussels, 19-20 November 2002: Towards a European policy on immigration and asylum (2) Brussels, 16-17 October 2003: Action Plan for an ETUC policy on migration, integration and combating discrimination, racism and xenophobia.

damental social rights of current citizens as well as newcomers, and that is embedded in strong employment and development policies.

Such policy should, in an integrated approach,

1. be based on a clear framework of rights for all the workers concerned, as provided for in all the relevant international conventions and instruments, recognizing that migrant workers and their families are human beings and no merchandise², and building on the ILO “Resolution concerning a fair deal for migrant workers in a global economy” adopted in June 2004, calling for a rights-based approach to labour migration;

2. be established in close consultation with social partners;

3. guarantee the free movement of all persons who are either citizens of an EU Member State or third country nationals who are legal residents, in a framework of non-discrimination and equal treatment;

4. provide for a clear legal framework of equal treatment in working conditions for all lawfully employed third country nationals as compared to nationals, and respect for the host country’s rules and regulations and industrial relations systems;

5. prioritise investing in the capacities and qualifications of unemployed or underemployed EU citizens including those from a migrant or ethnic minority background, as well as legally resident third country nationals including recognized refugees, as a first priority in tackling labour market shortages;

6. increase efforts to combat racism and xenophobia, and promote the full integration of immigrants and ethnic minorities into European labour markets and societies, whilst respecting cultural and religious diversity, and recognizing their positive contribution and potential;

² Declaration of Philadelphia 1944: “ The Conference reaffirms the fundamental principles on which the Organization is based and, in particular, that (a) labour is not a commodity; ”

7. attribute social and political citizenship rights to migrant workers and their family members;

8. open up possibilities for the admission of economic migrants, by providing a common EU framework for the conditions of entry and residence. It should be based on a clear consensus between public authorities and social partners about real labour market needs, and at the same time prevent a two-tier migration policy that favours and facilitates migration of the highly skilled while denying access and rights to semi- and low skilled workers;

9. be tough on employers using exploitative employment conditions and focus on prevention and on sanctioning those who profit from these abusive situations, including traffickers in human beings, rather than penalizing the workers who are their victims;

10. create ‘bridges’ out of ‘irregular situations’ for undocumented immigrant workers and their families, including asylum seekers who have been denied a refugee status, while respecting their basic human rights;

11. promote cooperation and partnership with third countries and in particular developing countries.

Last but not least, such policy should acknowledge the major importance of strengthening the European social model in providing and maintaining basic protection for all Europe’s inhabitants, to counter increasing feelings of social insecurity by millions of workers that may feed into racism and xenophobia, and to help the trade union movement play its cohesive role.

3. GENERAL REMARKS ABOUT THE GREEN PAPER:

1. ETUC welcomes the Commission’s Green Paper, which addresses an issue that is at the top of the political agenda in many Member States.

2. It agrees with the remarks made in the Introduction, that “while immigration in itself is not a solution to demographic ageing, more sustained immigration flows could increasingly be required to meet

the needs of the EU labour market and ensure Europe's prosperity".

Any discussion on economic migration should therefore be linked to the Lisbon strategy, and embedded in EU employment policies. Close cooperation on national as well as EU levels between the Ministers and Commissioners for Employment and Social Affairs and Justice and Home affairs is therefore key.

3. Because the management of migratory flows has to be taken within the context of global migratory movements, the reasons for migration, the situation in countries of origin, and the overall responsibility of the EU for the global decent work agenda, a strong involvement of and close cooperation at national and EU levels with the Ministers and Commissioner for Development is also required.

4. ETUC also welcomes the reference in the Introduction to the need for a European strategic initiative to establish common criteria for the admission of economic migrants, to reduce 'illegal' migration.

5. However, ETUC is *disappointed about the overall emphasis in the Green Paper on the economic aspects and utilitarian arguments* of the issue, and the fact that it does not pay enough attention to the following important aspects:

- a) The Green Paper includes no reference at all to the relevant international and EU treaties and conventions. ETUC believes that any policy for economic migration should be based on a clear framework of rights for all the workers concerned.
- b) Very little attention is paid to the key issue of integration. Where the issue is addressed, a very one-sided approach is taken, only mentioning introduction programmes, language courses etc, that should 'adapt' the immigrant to the host country, ignoring the indispensable other side of creating more openness and tolerance in host societies for cultural diversity, the positive contribution that migrants can make, and the need to invest in their potential.

- c) There is no reference to the important role that Social Partners and social dialogue can play at all relevant levels in assessing labour market needs, promoting sustainable policies for economic migration, addressing and preventing exploitative working conditions of migrant workers, and promoting their integration and non-discrimination in the labour market and the workplace.
- d) The perspective of the labour migrant is absent; it speaks of win-win situations for sending and receiving states, but does not include any reference to the perspective of the migrant worker and his/her family, his or her rights and his or her needs and wishes. Government policy cannot successfully 'manage' the movements of labour migrants if this policy does not include reference to their interests and perspectives.
- e) The Green Paper does not show any gender awareness. Increasingly, labour migrants are women, working in public healthcare, nursing homes or private households, providing for care for children, the sick and the elderly. This should be explicitly taken into account when discussing the opening up of possibilities for economic migration.

A more detailed response to the questions raised in the Green Paper is to be found in the Annex to this resolution.

4. ACTIONS TO BE TAKEN BY ETUC AND ITS MEMBER ORGANISATIONS

In the framework of the ongoing and increasingly tense debate on migration and integration, ETUC and its member organisations want to contribute to social cohesion within an enlarging European Union with the following actions and activities:

- a) monitor and further implement the ETUC action plan on migration, integration and combating discrimination, racism and xenophobia;
- b) intensify actions and campaigns, calling for ratification of ILO Conventions 97 and 143 on migrant workers, and the UN Con-

vention 1990 on migrant workers and their families, and the relevant Council of Europe instruments;

- c) promote by all means the freedom of association of migrant workers, regardless of their legal status, and provide for an exchange of good trade union practice in this regard;
- d) promote the use of legal instruments to pursue the human rights of migrant workers, such as the Additional Protocol to the European Social Charter Providing for a System of Collective Complaints as well as the procedures referred to in Articles 24 and 26 of the ILO Constitution;
- e) explore ways to bring about an ETUC membership card, building on the Helsinki 1999 congress resolution (“Trade Unions without Borders”), to make the role of the European trade union movement as a cohesive factor more visible, and develop mutual aid systems cross border on a bilateral as well as multilateral basis;
- f) contribute to actions and activities that show the positive contribution of migrants and their families to the European societies and economies, and help bring about solidarity and mutual understanding;
- g) call on employers organisations to take more effective action to prevent and tackle employers using migrant labour under exploitative working conditions, and to use social dialogue to address labour market needs.

ANNEX:

15-16 March 2005

INTRODUCTION:

1. ETUC is highly committed to fighting for a *Europe characterised by openness, solidarity and responsibility*, as expressed on numerous occasions. This position builds on previous ETUC resolutions and positions on this issue, adopted since the Helsinki congress 1999.¹

2. On 11 January 2005, the European Commission launched a public debate on economic migration, and invited all interested parties to submit their views on a ‘Green Paper on an EU approach to managing economic migration’, no later than 15 April 2005. ETUC wants to contribute to the debate with this position, as adopted in the meeting of its Executive Committee on 16 March 2005.

A. CHALLENGES:

1. Europe took shape over the last few centuries through successive waves of migration: migration from one European region to another, and emigration from and immigration into European countries. In the course of a long and turbulent history of decolonisation and organized recruitment programmes, migrant and ethnic minority men, women and their families have arrived, gained European citizenship, and made a significant contribution to Europe’s economic and cultural development and wealth. *In the future, Europe will need their contribution even more*, at all levels of society, in the context of demographic change and ageing populations, as recognized in the Lisbon strategy and the recent Commission’s Communication on the Social Agenda.

¹ <http://www.etuc.org>

Helsinki, 1 July 1999: European Trade Unions without Borders

Brussels, 13-14 December 2000: Post-Nice enlargement of the European Union

Brussels, 10-11 October 2001: Towards a European policy on immigration and asylum

Brussels, 19-20 November 2002: Towards a European policy on immigration and asylum (2)

Brussels, 16-17 October 2003: Action Plan for an ETUC policy on migration, integration and combating discrimination, racism and xenophobia.

At the same time, European societies are struggling to adapt to the increasing diversity of their populations, and are failing to offer migrants and their descendants opportunities to integrate and participate while respecting and valuing cultural difference. As a consequence, *their potential has not been utilized to the full, and is often undervalued.*

While young people in general are already among the most vulnerable groups on the labour market, facing higher unemployment and having to accept precarious and low wage jobs, for young people from a migrant or ethnic minority background the situation is even worse, as they are also faced with *discrimination and exclusion.*

2. In recent decades the EU has embarked on a continuous enlargement process north-, south- and eastwards in the interests of guaranteeing peace, political stability, and economic and social progress for all its citizens. Although free movement and equal treatment of workers within the EU is one of the four fundamental freedoms established in the European Treaties, the latest enlargement eastwards has only been accepted by the majority of the 'old' Member States, driven by often unfounded fears held by their citizens, on the basis of conditions that restrict these freedoms (and equal treatment!) during transitional periods.

In the next decade, *achieving genuine free movement, equal treatment and mobility within the EU 25 (and more, in a few years time) will demand greater effort* to integrate the new Member States and their inhabitants into the notion of EU citizenship and identity. However, this will only be possible, if, at both national and local level, social cohesion is promoted and industrial relations systems, collective agreements and arrangements are respected and not called into question.

3. Millions of people are on the move across the world: many are fleeing war, conflict or prosecution; many are propelled by poverty and insecurity. They are trying to survive and looking for political and economic security for themselves and their families. Most are not simply looking for *better* living and working conditions and opportunities, but for a safe place to stay and *any* kind of work. They provide Europe with a *silent labour force that can easily be exploited*

in low wage jobs and sectors, such as agriculture, construction and the various service sectors.

This labour force now contains *growing numbers of women* who, facing gender specific forms of violence and repression in their countries of origin, or as single parents taking on the responsibility of earning a living to support their children and relatives at home, provide European citizens and households with care services for children, the sick and the elderly that is often invisible but indispensable.

4. In recent years many EU Member States have adopted very restrictive asylum policies and '*zero immigration*' policies especially with regard to low skilled workers and as a result offered European citizens a false sense of protection.

In doing so, they have *increased the pressure* at the EU's external borders and the number of illegal immigrants (both asylum seekers that do not hold recognized status and migrant workers that are not in possession of the necessary permits) in EU labour markets, thereby indirectly promoting trafficking of human beings as a highly profitable enterprise.

Unscrupulous employers are taking advantage of the thousands of undocumented workers who are denied any legal existence, exploiting them and making them work and live in conditions that are often inhumane. When uncovered, the workers rather than the employers are generally penalized and victimised. This situation is exacerbated by the unwillingness of most Member States to offer illegal immigrants ways to regularise their situation, and by legal prohibitions to provide support to undocumented workers or to organise them in trade unions – a flagrant contravention of the fundamental right of freedom of association guaranteed to every worker under international law.

5. While publicly advocating 'zero immigration' policies, many Member States have silently adopted '*open border*' policies for third country nationals with *high qualifications* and much-needed skills, in competition with other industrialised countries on the global labour market. As a result, the skilled workers and professionals that are needed for development are being *drained* from developing countries.

At the same time, asylum seekers that might have the qualifications much needed in the EU labour markets are overlooked with the argument that they should not be 'rewarded' for their lack of status.

6. Moreover, the development towards *more freedom to provide services*, encouraged on the global level by the WTO through the GATS (General Agreement on Trade in Services), and promoted within the European Union by the draft Directive on Services in the Internal Market, leads to a great variety of migratory movements of third country nationals on temporary assignments, from managerial staff to posted workers, who in theory 'do not permanently enter national or local labour markets' but in practice *may very well disrupt* these labour markets *by not respecting the host country rules* and regulations, leading to unfair competition.

7. Europe's workers are faced with *increasing pressure and insecurity because of rapid changes* in economy and society. They feel threatened by globalisation and the way it is managed by governments at national and EU level. Restructuring and outsourcing threaten their employment perspectives, proposals to cut down on public expenditure, social security and pensions threaten the security of their income. Failure to manage the challenges of integration and social cohesion at local community level and especially in the big cities causes distress and sentiments of abandonment.

Proposals to unilaterally promote *global competition and free market mechanisms, without proper counterbalances* that safeguard national labour markets and their industrial relations systems, may increase these feelings of insecurity.

These pressures and insecurities in many countries give rise to *xenophobic sentiments*. Irregular migrants and asylum seekers become the scapegoats of European workers' nightmares, and regular migrants, refugees with recognized status and ethnic minorities with EU citizenship are increasingly treated with similar contempt and overt racism.

8. At national and EU level, *contradictory messages* are sent out to Europe's citizens. On the one hand, there is the message that

more immigration is needed and that new immigrants should be recruited to address labour market shortages, trying to sell the idea that more immigration is the *solution* to Europe's demographic problems. On the other hand, there is the message that there are enormous problems with the integration of migrants and their families, and that thousands of asylum seekers and migrant workers without status or documents, (who have sometimes been living in the EU for many years), are not welcome and should be expelled, creating an atmosphere in which migration is seen as a major *problem*.

9. While most international and European instruments on human rights, including ILO Conventions, apply to migrant workers, regardless of their (regular or irregular) status, the EU and its Member States are still *struggling with a rights-based approach* to migration. Most of them have *not ratified any of the major UN or ILO conventions* for the protection of migrant workers and their families. However, a resolution adopted by the ILO in 2004 reaffirmed that all migrant workers also benefit from the protection offered by the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998). In addition, the eight core ILO Conventions regarding freedom of association and the right to bargain collectively, non-discrimination in employment and occupation, the prohibition of forced labour and the elimination of child labour, *cover all migrant workers, regardless of legal status*.

10. ETUC is faced with a manifold challenge: providing European citizens and workers, including its current immigrant and ethnic minority inhabitants, with the perspective of a sustainable social Europe; and contributing to a fairer globalisation process, in which economic and social progress go hand in hand in all parts of the world.

B. KEY ELEMENTS OF A PRO-ACTIVE APPROACH

ETUC is convinced that it is high time to adopt a more pro-active EU policy on migration and integration in the interest of Europe's current and future population that is based on the recognition of fundamental social rights of current citizens as well as newcomers, and that is embedded in strong employment and development policies.

Such policy should, in an integrated approach,

1. be based on a clear framework of rights for all the workers concerned, as provided for in all the relevant international conventions and instruments, recognizing that migrant workers and their families are human beings and no merchandise ², and building on the ILO “Resolution concerning a fair deal for migrant workers in a global economy” adopted in June 2004, calling for a rights-based approach to labour migration;
2. be established in close consultation with social partners;
3. guarantee the free movement of all persons who are either citizens of an EU Member State or third country nationals who are legal residents, in a framework of non-discrimination and equal treatment;
4. provide for a clear legal framework of equal treatment in working conditions for all lawfully employed third country nationals as compared to nationals, and respect for the host country’s rules and regulations and industrial relations systems;
5. prioritise investing in the capacities and qualifications of unemployed or underemployed EU citizens including those from a migrant or ethnic minority background, as well as legally resident third country nationals including recognized refugees, as a first priority in tackling labour market shortages;
6. increase efforts to combat racism and xenophobia, and promote the full integration of immigrants and ethnic minorities into European labour markets and societies, whilst respecting cultural and religious diversity, and recognizing their positive contribution and potential;
7. attribute social and political citizenship rights to migrant workers and their family members;

² Declaration of Philadelphia 1944: “ The Conference reaffirms the fundamental principles on which the Organization is based and, in particular, that
(a) labour is not a commodity; ”

8. open up possibilities for the admission of economic migrants, by providing a common EU framework for the conditions of entry and residence. It should be based on a clear consensus between public authorities and social partners about real labour market needs, and at the same time prevent a two-tier migration policy that favours and facilitates migration of the highly skilled while denying access and rights to semi- and low skilled workers;

9. be tough on employers using exploitative employment conditions and focus on prevention and on sanctioning those who profit from these abusive situations, including traffickers in human beings, rather than penalizing the workers who are their victims;

10. create ‘bridges’ out of ‘irregular situations’ for undocumented immigrant workers and their families, including asylum seekers who have been denied a refugee status, while respecting their basic human rights;

11. promote cooperation and partnership with third countries and in particular developing countries.

Last but not least, such policy should acknowledge the major importance of strengthening the European social model in providing and maintaining basic protection for all Europe’s inhabitants, to counter increasing feelings of social insecurity by millions of workers that may feed into racism and xenophobia, and to help the trade union movement play its cohesive role.

C. COMMENTS ON THE GREEN PAPER:

General remarks

1. ETUC welcomes the Commission’s Green Paper, which addresses an issue that is at the top of the political agenda in many Member States.

2. It agrees with the remarks made in the Introduction, that “while immigration in itself is not a solution to demographic ageing, more sustained immigration flows could increasingly be required to meet the needs of the EU labour market and ensure Europe’s prosperity”. Any discussion on economic migration should therefore be linked

to the Lisbon strategy, and embedded in EU employment policies. Close cooperation on national as well as EU levels between the Ministers and Commissioners for Employment and Social Affairs and Justice and Home affairs is therefore key.

3. Because the management of migratory flows has to be taken within the context of global migratory movements, the reasons for migration, the situation in countries of origin, and the overall responsibility of the EU for the global decent work agenda, a strong involvement of and close cooperation at national and EU levels with the Ministers and Commissioner for Development is also required.

4. ETUC also welcomes the reference in the Introduction to the need for a European strategic initiative to establish common criteria for the admission of economic migrants, to reduce 'illegal' migration.

5. However, ETUC is *disappointed about the overall emphasis in the Green Paper on the economic aspects and utilitarian arguments* of the issue, and the fact that it does not pay enough attention to the following important aspects:

- a) The Green Paper includes no reference at all to the relevant international and EU treaties and conventions³. ETUC believes that any policy for economic migration should be based on a clear framework of rights for all the workers concerned.

³ ILO:

- Migration for Employment Convention (revised), 1949 (n°97)
- Migration for Employment Recommendation (revised), 1949 (n°86)
- Migrant Workers (Supplementary Provisions) Convention, 1975 (n°143)
- Migrant Workers Recommendation, 1975 (151)
- Articles 24 and 26 of the ILO Constitution
- Resolution concerning a fair deal for migrant workers in a global economy, June 2004

Council of Europe:

- European Social Charter, 1961 (no. 35) and Revised European Social Charter 1996 (no. 163)
- European Convention on the legal status of Migrant Workers, 1977 (n°93)

European Union:

- The EU Charter of fundamental rights, 2000 (Part II of the Constitutional Treaty, 2004)

United Nations:

- Declaration on the Human Rights of Individuals who are not Nationals of the Country in which they live, 1985
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990 (n°158)

- b) Very little attention is paid to the key issue of integration. Where the issue is addressed, a very one-sided approach is taken, only mentioning introduction programmes, language courses etc, that should ‘adapt’ the immigrant to the host country, ignoring the indispensable other side of creating more openness and tolerance in host societies for cultural diversity, the positive contribution that migrants can make, and the need to invest in their potential.
- c) There is no reference to the important role that Social Partners and social dialogue can play at all relevant levels in assessing labour market needs, promoting sustainable policies for economic migration, addressing and preventing exploitative working conditions of migrant workers, and promoting their integration and non-discrimination in the labour market and the workplace.
- d) The perspective of the labour migrant is absent; it speaks of win-win situations for sending and receiving states, but does not include any reference to the perspective of the migrant worker and his/her family, his or her rights and his or her needs and wishes. Government policy cannot successfully ‘manage’ the movements of labour migrants if this policy does not include reference to their interests and perspectives.
- e) The Green Paper does not show any gender awareness. Increasingly, labour migrants are women, working in public healthcare, nursing homes or private households, providing for care for children, the sick and the elderly. This should be explicitly taken into account when discussing the opening up of possibilities for economic migration.

ON THE QUESTIONS RAISED

6. What degree of harmonisation?

ETUC acknowledges the Commission’s view that a successful Community policy in the area of economic migration can only be put in place progressively, taking into account the fact that the access of third country nationals to EU labour markets is a highly complex and sensitive issue.

EU legislation on the admission of economic migrants should therefore be conceived, as stressed by the Green Paper, as a ‘first

step legislation', laying down certain common definitions, criteria and procedures, while leaving to the Member States to respond to the specific needs of their labour markets and to determine the volumes of admission of persons, in line with the Constitutional Treaty.

At the same time, it cannot be denied, that there is a growing interdependence between Member States with regard to decisions taken in the area of immigration, which demand for more harmonization at EU-level.

First of all, because of the already existing mobility of workers and services. Further harmonisation, not only of immigration law, but also regarding minimum working conditions and equal treatment in situations of cross border working, is necessary to bring about a European internal labour market, and to prevent social dumping.

Secondly, national policies with regard to asylum and with regard to the entrance of certain groups of migrant workers (such as high skilled workers) do have already an impact on the labour markets of other Member States, because of regulations with regard to mobility of long term third country nationals.

Thirdly, the increased competition between industrialised countries on the global labour market for workers with high skills or scarce professions demands for European coordination to provide for a sustainable framework, that benefits as well EU Member States, as the workers concerned and their countries of origin.

ETUC is in favour of a EU immigration policy that takes account of long-term demographic developments and long-term labour market needs.

However, immigration should not be seen as a lazy solution for all short-term labour market frictions and shortages, and especially not as an excuse to avoid improving poor working conditions and/or inadequate vocational training.

Priority should be given to utilizing the untapped and often undervalued potential of those who are already present on the national

and EU labour market, EU-citizens as well as third country nationals, including irregular migrants.

With regard to the scope of any future EU legislation, ETUC is in favour of taking a horizontal approach, along the lines of the original proposal, rather than coming up with a series of sectoral proposals. One important argument against a sectoral approach is that this would increase the divergence in rights for several groups of workers and may contribute to a two-tier migration policy with less rights and protection for the lower skilled and low paid migrants.

ETUC stresses the need for strong social partner consultation and involvement on any EU initiatives taken. Also at national level, social dialogue should be a priority option for assessing and addressing labour market needs and promoting consensus between public authorities and labour market actors on the policies and instruments to be adopted. Migration policies and strategies should be closely linked to and embedded in employment and labour market policies.

European migration legislation should preferably cover all third country nationals, without general preferences or privileges, except for a possible preferential treatment of citizens of neighbouring countries on the basis of the EU neighbourhood policies (see below), and preferential treatment based on bilateral agreements that are often based on historical links between host country and country of origin.

7. Admission procedures for paid employment

With regard to the general principle of “Community preference”, ETUC is in favour of working on the basis of the previously agreed *acquis* that gives preference to Community workers and legally resident third country nationals over newcomers.

There may be good reasons to consider extending this preference to third country nationals who have already worked for some years in the EU before returning temporarily to their own country. This may stimulate and support migrants, who would prefer to come only for one or more limited periods of time, to go back to their country of origin. It may also encourage ‘brain circulation’.

EURES may become an important instrument to improve the efficiency and transparency of application and recruitment. However, the system needs to be further developed to be able to play that role to the full.

In general, ETUC is in favour of a general and transparent system for economic migration. Procedures should be established that protect workers from discrimination and offer them the possibility of compensation in case of unjustified rejection and/or discriminatory treatment.

However, there may be a need to create several different routes and systems that are available at the same time to allow for different realities, as long as they do not create a two-tier migration policy that indirectly brings about unequal treatment and discriminates against the lower skilled and low paid.

ETUC sees particular problems arising from the suggestion in the Green Paper, that there may be groups of workers who come to the EU in the framework of a services contract, and according to the Green Paper 'do not actually enter the EU labour market'. ETUC believes that the distinction made is a false one, as especially those workers posted for longer periods to EU countries are becoming part of European labour markets. Even now, the distinction made creates confusion with regard to the new Member States, as the transitional measures (except in the case of Germany and Austria) do not cover the free movement of labour in the framework of services.

The issue of how to deal with migratory movements in the framework of services should be addressed separately and more in-depth. For ETUC, the key principle that should govern these situations is respect for the labour law and collective bargaining systems of the host country.

ETUC therefore denounces the proposals in the Draft Directive on Services in the internal market and especially the introduction of the country-of-origin-principle, which in its current form also affects labour law and collective bargaining.

The ETUC suggests the Commission to come up with a separate Green Paper, addressing all relevant aspects of cross border working

in terms of labour law, mobility and migration, also including working conditions of self-employed service providers, which should address the need for a more accessible and transparent legal framework while respecting national industrial relations systems and collective bargaining.

8. Admission procedures for self-employment:

With regard to harmonised conditions for the admission of self-employed, ETUC wants to warn against a situation in which it may be significantly easier to enter as self-employed than as a worker, which already now in several countries leads to an increase in the exploitation of false self employment.

With regard to self-employment in the framework of ‘services’, ETUC refers to its remarks made under point 7.

9. Applications for work and residence permits:

ETUC is of the opinion that this area is a very suitable one to be addressed by EU regulation through standardised work and residence permits and simple and transparent procedures.

10. Possibility of changing employer:

The permit holder should always be the worker to prevent abuses and forms of modern slavery. There may be a case for allowing a new migrant to initially only be employed in a specific profession or to fill a specific vacancy, but ‘tying’ the migrant to his or her employer for a longer period is not an acceptable policy. If the employer wants to keep the migrant (or any worker!), he should make an effort to be an attractive employer and not rely on the dependency and vulnerability of his migrant workforce.

The ETUC would like the Commission to explore under which conditions it would be feasible to introduce specific temporary permits to enter the EU, or to stay in the EU, to search for a job, for instance for 6 months.

A similar 6 months searching period could be allowed to migrants who want to change employer after their initial contract.

Also asylum seekers who after an initial period of legality (temporary status, or waiting procedure) have lost their status, or have been denied refugee status, could be allowed to apply for such job-search permits, with or without specific conditions, which could provide them with a 'bridge' out of irregularity.

II. *Rights*

ETUC regards equal treatment of migrant workers and EU citizens as a key principle to underpin EU migration policies. This should prevent the creation of first, second and third class citizens, the undercutting of wages and employment conditions, and discrimination and racism, and should promote social cohesion.

ETUC agrees with the remarks made in the Green Paper, that migrant workers must have a secure legal status, irrespective of whether they wish to return to their countries of origin or to obtain a more permanent status, but would like to add that this must also apply to their family members.

The ETUC regrets that the Green Paper does not refer at all to the relevant international conventions that provide a clear legal framework for migrant workers and their families, notably of the ILO, UN and Council of Europe, and calls on the Commission to promote their ratification and application by the EU Member States.

ETUC also agrees that third country workers must enjoy the same treatment as EU citizens, before they obtain long-term resident status, in particular with regard to their employment and working conditions and other rights related to their position as workers, such as social security rights and other benefits. This is not only important from the perspective of protecting the migrant worker against exploitation, but would also ensure that the working conditions of the domestic workforce were not unfairly undercut, and would ensure that decent employers were not undermined by unscrupulous ones.

Therefore, the ETUC proposes the Commission to take initiatives leading to a clear EU legal framework of equal treatment in working conditions for all lawfully employed third country nationals as com-

pared to nationals, within the framework of explicit respect for the host country's rules and regulations and industrial relations systems.

Employment and working conditions, and protection in the workplace, should never be conditioned to a minimum stay.

Short term or seasonal migrant workers with a temporary permit should not be exempt from social security contributions, to prevent unfair competition on wage-costs.

Where minimum qualification periods would lead to a situation in which in practice they would never be able to enjoy any benefits, it could be considered to set aside the premiums paid for them in a special fund which would provide them with a payment when they return to their country of origin.

Migrant workers should also be provided with other economic and social rights, in line with the relevant ILO and UN conventions and Council of Europe instruments, such as access to education, housing, vocational and social services.

The right to family reunification, being a basic human right, should apply equally to all third country nationals, without privileging one group of migrants over the other.

The ETUC particularly wants to highlight the need to attribute social and political citizenship rights to long-term resident migrants and their families.

Finally, the EU and its Member States should more explicitly acknowledge that all international and European instruments on human rights apply to migrant workers, regardless of their legal status. Undocumented workers should receive protection against exploitation, and should be allowed to join trade unions, in line with the fundamental right to freedom of association.

12. Accompanying measures: Integration

In ETUC's opinion, the Green Paper does not pay enough attention to the importance of integration policies, to make it possible for

migrant workers and their families to adapt to the living and working environment in EU societies, and to allow EU societies to adapt themselves to new groups of citizens.

The Commission itself stressed in its Communication on immigration, integration and employment of June 2003 that the successful integration of immigrants is both a matter of social cohesion and a prerequisite for economic efficiency.

As stated many times in recent EU communications on the issue, genuine integration is a two way process, that demands from both sides respect for cultural and religious difference and the value of diversity while agreeing on a minimum of joint basic norms.

However, access to employment and education are the best ways to integration. It is of particular importance here to refer to the Lisbon Strategy and the European Employment Strategy, seventh Guideline, saying *“Member States will foster the integration of people facing particular difficulties on the labour market, such asimmigrants, and ethnic minorities, by developing their employability, increasing job opportunities and preventing all forms of discrimination against them”*.

In addition, the Member States have to recognize their qualifications as well as improve the quality of education and training for them.

The EU should consider raising awareness about the positive contribution that migrant workers and their families are making to the EU labour markets and societies and may use the workplace and social partners as entry points.

Social partners at EU level can contribute to this process, in the framework of the update of the Florence declaration 1995, on combating racism and xenophobia in the workplace, which is foreseen in the social partners work programme for 2005.

Return

Third country nationals should have full access to training and enhancing professional skills. They should be allowed to return to

their country of origin without immediately losing all acquired rights and should have the possibility of return to the EU, to promote 'brain circulation' and win-win situations. Maintaining links with the country of origin should not be seen as a lack of interest in integration in the host-country.

The EU should provide support to developing countries through development aid and assistance in all forms of education. Also, the transfer of remittances should be facilitated.

Cooperation with third countries

As stressed above, a European regulatory framework on economic migration should preferably cover all third country nationals, without general preferences or privileges. However, it may be reasonable to include more favourable labour migration provisions in agreements with countries, which neighbour the EU, within the framework of the EU neighbourhood policies. These are of major importance to the economies and societies of especially the new Member States, because of historic links between countries and communities within these regions. They are justifiable within the framework of the Neighbourhood policy of the EU, as they move in the direction of securing greater security and stability in the region, by preparing for the extension of internal market rights, including free movement of persons.

Also, more favourable labour migration policies could be included in bilateral agreements, which may be based on historic links between EU countries and other regions in the world, for instance former colonies and/or countries sharing a common language, etc.

Executive Committee - June 2005

4

REVIEW OF THE EU SUSTAINABLE DEVELOPMENT STRATEGY

14-15 June 2005

1. INTRODUCTION

1. ETUC supported both the adoption of the EU Sustainable Development Strategy in 2001 and the inclusion of an environmental pillar in the Lisbon Strategy. The present declaration is based on previous ETUC resolutions and position papers on this topic [1 <<http://www.etuc.org/a/1417#nb1>>].

2. In August 2004, the European Commission launched a public debate on the revision of the European Union's strategy on sustainable development in the form of a questionnaire to which ETUC and several national trade union organisations contributed. In a Communication to the Spring Council in March 2005, the Commission presented the outcome of that consultation process and traced out the futures lines of that strategy. This declaration is ETUC's response to that Communication.

2. CLARIFYING THE LINKS BETWEEN THE EU SUSTAINABLE DEVELOPMENT STRATEGY AND THE LISBON STRATEGY

3. ETUC regrets that social inclusion and environmental protection appear to have been downgraded as priority objectives in the revised Lisbon Strategy adopted by the 2005 Spring Summit. This runs counter to the Commission's own assessments which demonstrate the persistence of serious trends regarding poverty and environmental risks (re climate change, biodiversity and public health).

1 <<http://www.etuc.org/a/1417#nb1>>] «Sustainable Development - Putting Environmental Policy at the Heart of European Employment Policy» 13-14 June 2001, Brussels «Europe and sustainable development - World Summit on Sustainable Development in Johannesburg, 2002», 19-20 November 2002, Brussels «Union proposals for a European policy on climate change», 17-18 March 2004, Brussels. «ETUC declaration on the proposed reform of EU policy on chemicals (REACH)», 17-18 March 2004, Brussels. <http://www.etuc.org>

4. Accordingly, ETUC believes that the issue of consistency between the agenda of the Lisbon Strategy and the long-term objectives of the Sustainable Development Strategy still requires full clarification. The two aforementioned strategies overlap in several areas, e.g. in connection with economic growth, innovation, scientific research, fiscal issues, energy and ageing. We draw the attention to a number of existing and potential tension fields that are not taken up in the document drawn up by the Commission, and call upon the Commission to clearly identify these areas of tension and any potential choices to be made in their regard.

3. THE VISION OF SUSTAINABLE DEVELOPMENT

5. ETUC fully supports the Commission's statement that the revised Sustainable Development Strategy "will need to adopt a broader approach highlighting the structural changes in the economy needed to move towards more sustainable production and consumption patterns". Working conditions and the working relationship between workers and employers are elements that define the structure of both the economy and society, and must be fully taken on board in the strategy. In the past, the Sustainable Development Strategy has neglected the role played by the workers and trade unions in such transition processes.

6. The details, regularity and timing of such changes must be determined within a democratic process that involves all the actors, including workers and their representatives, thereby guaranteeing that changes are implemented fairly.

4. KEY COMPONENTS OF THE EU SUSTAINABLE DEVELOPMENT STRATEGY

7. ETUC agrees with the Commission that the policies impacting on the attainment of sustainable development objectives are insufficiently consistent. There is great potential in the synergies between the environmental and social aspects that are currently under-exploited. The Commission needs to develop a consistent approach regarding links between social/ employment policies and environmental policies and to pinpoint those areas where policies can be integrated to useful effect.

8. The **ex-ante** impact assessments drawn up by the Commission are a useful tool for enhancing consistency between policies governing sustainable development, provided that:

- a) Qualitative aspects are systematically taken into account, especially those concerning health, job quality, work organisation, the demand for qualifications, changes in industrial structure and forms of employment;
- b) the members of organised civil society, including trade unions, are more closely involved at the earliest possible stage, and certainly before any assessment takes place. ETUC was happy to learn that the Commission intends to improve its consultation of the respective stakeholders when conducting future impact assessments.

9. Sustainable development goes hand in hand with progress made regarding the knowledge society and investment in human skills. Yet the strategy has no dimension covering policies on training, education or qualifications. Through the Employment guidelines, the European Employment Strategy must encourage the Member States to adopt:

- a) Active policies designed to directly create worthy jobs that offer prospects of 'professionalisation' in the domains of human and corporate services, the social economy, regional development and environmental protection;
- b) suitable policies on education, lifelong learning and training, creating specific new training courses for environmental professions, certifying new professional diplomas and recognising qualifications.

10. ETUC was happy to see that the Commission plans to invite the Member States "to look at how they could shift the burden of taxation onto the causes of environmental damage and away from labour" so that the prices charged for goods and services reflect their true costs to society. With an eye to sustainable development, ETUC recommends that the Commission should incorporate this approach into a broader rethink of fiscal policy and take account of any

potential consequences with respect to social exclusion, the manner in which tax revenue is used and the need to avoid any negative impact on vulnerable consumers and the level of public services and social security.

11. Bolstering public services is an essential part of sustainable development insofar as they represent labour intensive social services and are vital for providing access to basic services such as education and health and essential resources such as energy, water and food.

12. ETUC invites the Commission to consider the respective benefits of regulatory instruments and other tools (providing encouragement for voluntary initiatives, economic instruments) with a view to achieving long-term objectives associated with sustainable development. The selection of one instrument rather than another must be based not on ideological choices, but on an objective analysis of their constraints and relative efficacy.

13. The Sustainable Development Strategy must more clearly define the circumstances under which Corporate Social and Environmental Responsibility (CSER) could help us attain the objectives of sustainable development in Europe and throughout the world. Meanwhile, ETUC supports CSER-related initiatives which enforce respect for international social and environmental standards, stakeholder participation and effective monitoring of commitments by worker representatives. The OECD Guidelines for Multinational Companies meet these requirements, as do the framework agreements concluded between trade unions and some multinationals. ETUC demands that the Commission encourage the development of such framework agreements via its external policies and impose technical specifications containing such requirements in connection with all companies receiving export credits, public procurement contracts in the context of aid programmes and the financing of environmental development projects (CDMs) in the context of the Kyoto Directive.

14. If sustainable development is to be achieved, extensive public and private sector investment, including, but not limited to R&D, is required. The Union must encourage such a change in direction and foster investment via its own budget, its macroeconomic policy, its

Broad Economic Policy Guidelines (BEPGs), opportunities for flexibility opened up by the new Stability and Growth Pact (SGP) and openings for obtaining loans granted by the European Investment Bank (EIB). In the transport and housing sectors in particular, major benefits for sustainable development can be expected from appropriate programmes providing support for investment, as shown by the manifesto entitled «Investing for a sustainable future», jointly drawn up by ETUC, the European Environmental Bureau and the Platform of European Social NGOs.

15. ETUC is happy that the Commission intends to set up partnerships with the respective actors, and especially with unions, in a bid to find ways of remedying non-sustainable trends. Such partnerships must entail identifying the potential effects of policies on employment and on job quality, finding ways of weakening the negative effects associated with them and maximising the positive impact and involvement of unions in the establishment of environmental policies. ETUC is also drawing the Commission's attention to the need to include environmental questions in the social dialogue structures existing at various levels, especially sectoral social dialogue committees and European Works Councils (EWCs).

5. NON-SUSTAINABLE TRENDS

16. The Commission proposes reiterating the main areas where action is required within the framework of the Sustainable Development Strategy and suggests incorporating the Union's international commitments in that strategy. ETUC supports these proposals and demands that the Commission explicitly take account of the pledges made by the EU Member States regarding the ILO programme promoting decent jobs.

17. ETUC demands that a new priority topic - global financial risks - be added to the Sustainable Development Strategy and that specific objectives be set. The failure to connect the real economy and the financial sphere (financial and exchange rate markets) poses a threat to long-term growth in employment and to the rational management of natural resources, as shown by the persistent imbalances of the US deficits and the financial crises in Asia in 1997.

Poverty, social exclusion and inequality

18. Raising the rate of employment goes a long way towards reducing poverty, but does not **per se** guarantee a high level of social cohesion. The degradation of job quality has become one of the main factors driving the spread of poverty in Europe. The need to develop high-quality jobs (health and security, work organisation, gender equality, reconciliation of home and working life) must be a constant factor determining the European Employment Strategy and the use of structural funds.

The 'intergenerational' dimension of the phenomena of poverty in the Union must feature very prominently in the Sustainable Development Strategy. We have to investigate those processes that are likely to prompt protracted inequalities between one generation and another, in particular the precarious nature of employment contracts, the weakening of unemployment insurance schemes, the dismantling of public services, discrimination at work, the imposition of a tenuous existence on immigrants, the segregation of housing, bad living conditions and poor mobility.

The available data are fragmented, and additional structural indicators to be combined with those regarding the quality of employment and public health must be developed to evaluate the policies of social inclusion: the percentage of poor pensioners and workers; the percentage of employment contracts as a function of their duration; the ratio of short and long part-time work and risk coverage.

Finally, an integrated approach to the phenomenon of poverty needs to be adopted that also takes account of links with problems associated with climate change, public health, the use of natural resources, sustainable consumption and poverty throughout the world.

Ageing

19. ETUC deplors the blinkered view of the Sustainable Development Strategy with respect to ageing. Admittedly, the ageing of the population causes a major financial problem due to the need to continue paying pensioners and fund social security systems at a time

when the size of the working population is declining. Nonetheless, a broader approach to the sociocultural aspects of demographic change needs to be developed [2 <<http://www.etuc.org/a/1417#nb2>>]. The problem is how to give a multi-generation society a positive shape. How can solidarity between the generations be safeguarded? How can we make better use of the social and cultural capital accumulated through experience and as well as of the know-how of senior citizens?

Greater emphasis should be placed on the transversal nature of the problem of ageing. There are clear links here with issues to do with health, the environment, climate-related risks (as demonstrated by the mortality rate during the 2003 heat wave), working conditions and new forms of social organisation and consumption.

Public health

20. The Sustainable Development Strategy must clearly state that the aim of a policy geared towards public health in the long term is to reduce health-related inequalities, for such imbalances threaten to undermine social cohesion.

An objective of this kind requires vigorous action with regard to all the factors determining health (the quality of the environment, living conditions, housing and education) and all the collective aspects of working conditions, as well as action in the domain of health services.

Consequently, ETUC demands that health at work and life at work should be covered by the strategy, as should working conditions which go a long way towards defining them. Clear objectives for these various factors need to be set, as do appropriate deadlines. Moreover indicators have to be identified that will enable any progress made to be measured. An indicator measuring life expectancy in terms of socio-professional categories ought to be added to the list of indicators used to monitor the strategy's implementation.

[2 <<http://www.etuc.org/a/1417#nh2>>] Cf. ETUC response to the consultation on the Green Paper «Faced with demographic change, a new solidarity between the generations»

The revised strategy must set the target of adopting the proposed reform of the policy on chemicals (REACH) by the end of 2005 and also take account of the demands made by ETUC that it genuinely contribute towards reducing the risks of occupational diseases caused by hazardous chemical substances. It must also reaffirm the prime objective that by 2020 chemicals are only produced and used under circumstances that pose no major threat to either human health or the environment.

Climate change and renewable energy

21. Climate change is the most pressing global environmental challenge, and one that calls for major efforts and active steps on the part of industrialised countries, in line with their common and differentiated responsibilities, as well as working in conjunction with transition and developing countries. Any such action must be taken within the framework of the UN Framework Convention on Climate Change (UNFCCC).

ETUC supports the full integration of the commitments made by the EU Member States with regard to the Kyoto Protocol and, beyond that, the definition of quantified objectives for reducing greenhouse gas emissions in accordance with the decisions taken by the European Council and the Environment Council in March 2005 - namely to reduce such emissions by between 15 and 30% by 2020 and by between 60 and 80% by 2050, compared with the levels measured in 1990.

European policies have not adequately tapped the potential of energy efficiency to create jobs and fight poverty. Such potential is associated primarily with reviewing energy management and renovating energy facilities in homes and buildings used by the tertiary sector, as well as with long-term mobility and energy services. ETUC is in favour of imposing binding objectives for energy savings on the Member States along the lines of those set out in the EU's draft directive on energy end-use efficiency and energy services.

Consistent sectoral European policies aimed at implementing the Kyoto objectives in all sectors of industry must be developed and be subjected to the processes associated with sectoral social dialogue.

Management of natural resources

22. Whilst reiterating that 75% of all biodiversity is to be found in the South, ETUC stresses the importance of such biological diversity, its study, conservation and sustainable use. ETUC also insists that the benefits derived from the use of genetic resources be shared out equally, and urges the Union to press for recognition of the primacy of environmental agreements, and in particular the UN Convention on Biodiversity, ahead of the agreement on intellectual property negotiated and implemented within the World Trade Organisation (WTO).

ETUC recommends that EU strategies regarding product life cycles and waste recycling take account of work-related aspects and the role of workers when defining and implementing measures in the workplace. Such strategies must also consider the role of the social organisation as a key factor in any changes that need to be made.

Transport

23. From an environmental and social point of view, the failure to unhitch growth in transport from growth in GDP is an extremely worrying tendency, which the Sustainable Development Strategy neglected to redress. The development of road traffic, prompted by new strategic choices by companies geared towards flexibility, just-in-time production and ease of operation by employing a cheap, flexible workforce, poses serious threats in several respects (including congestion, emissions of CO₂ and micro-particles, and safety).

ETUC believes that the new guidelines on trans-European networks adopted by the Council in December 2003 go some way towards meeting the crucial objective of switching traffic from road to rail and maritime transport networks. However, ETUC also maintains that marked improvements are needed with respect to studies investigating the impact of such projects on jobs and on the environment.

ETUC advocates reviewing the structure of road freight charges in Europe in a bid to meet the targets set for modal transfer, but demands that the economic and social conditions in the road transport sector be taken into account.

The existence of efficient, safe public transport that respects the environment is the key to any sustainable transport system.

Making transport more sustainable also raises the question of corporate social responsibility (CSR). Stock management within the context of globalisation and the organisation of journeys made by members of the workforce must be set alongside the objectives aimed at scaling back their impact, within the context of a dialogue with the workers.

The external dimension of sustainable development

24. ETUC maintains that the main objectives regarding the exterior dimension of the Sustainable Development Strategy are as follows:

The implementation of quantified objectives for the action plan adopted in Johannesburg and the Millennium Development Goals. In this context, ETUC reiterates its demand that public subsidies for development be increased to reach the level agreed in the United Nations (i.e. 0.7% of GDP) by the donor countries by 2015.

Whilst recognising the role entrusted to multinationals in implementing the action plan adopted in Johannesburg, ETUC demands that the EU adopt an instrument requiring such companies to draw up a social and environmental reports and insist that any projects including public/private-sector partnerships should not entail any privatisation of services of general interest.

The promotion of close cooperation and complementarity between all international institutions as well as due consideration by the World Trade Organisation of the social and environmental dimension of trade and investment.

6. ACTION TO BE TAKEN BY ETUC AND ITS MEMBER ORGANISATIONS

25. ETUC will continue to monitor the implementation of the EU Sustainable Development Strategy, working closely together with the European Environmental Bureau and the Platform of European Social NGOs.

26. ETUC and its member organisations will take steps to ensure that workers at company level are recognised as actors in the transformation processes required to achieve sustainable development, and that worker representatives are therefore granted appropriate environmental rights. At the same time, ETUC will strive to make sure that social dialogue at all levels - sectoral, national and European - is extended to cover environmental issues.

27. The unions will work together with the respective governments and employers' organisations to develop policies on employment, education, vocational training and qualifications that enable us to rise to the various environmental challenges we face.

28. ETUC and its member organisations will evaluate worker and trade union participation in sustainability strategies in workplaces with a view to proposing action that will boost participation as regards, energy efficiency and the sustainable mobility of workers and merchandise.

29. ETUC will continue endeavouring to develop its expertise and unions' capacity to take part in impact assessments conducted by the European Commission to evaluate its policy proposals.

30. ETUC will conduct a study to assess the consequences for employment of climate change and policies geared towards reducing greenhouse gas emissions in the EU-25.

31. ETUC will continue to ask that the structural funds be used and/or for loans to be made available from the European Investment Bank to bring into play the profitable economic potential of investments aiming to improve the energy efficiency of housing. This would boost employment, contribute to the objective of reducing greenhouse gas emissions and also address social issues by reducing household energy bills.

32. ETUC will continue to push for the adoption of the draft REACH directive.

33. ETUC will continue to work together with its international trade union partners to shore up the social and environmental di-

mension of globalisation by calling for more consistency between activities undertaken by the United Nations, the International Labour Organisation (ILO), the United Nations Environment Programme (UNEP) and the WTO.

34. Together with the respective European trade federations and European Works Councils, ETUC will step up its efforts to promote international labour standards and international environmental agreements through framework agreements with multinationals.

5

“RESTORING CONFIDENCE IN EUROPE – EUROPEAN COUNCIL JUNE 2005”

Restore confidence in Europe by promoting Social Europe and growth- friendly macro-economic policies!

14-15 June 2005

1. To revive the Lisbon process, the ETUC has been calling for policies to strengthen Social Europe as a force for productivity. The ETUC has also pointed out the absolute importance of pro-active and growth-friendly macro economic policies to get the European economy out of the slump and back on the Lisbon track of high non-inflationary sustainable growth.

2. The ETUC is pleased to see that the conclusions from the March Spring European Council 2005 are in line with its concerns. The presidency conclusions have not endorsed a ‘trickle down’ approach (competitiveness first, social cohesion perhaps later) but have underlined the need to maintain the balance and to exploit synergy effects between the economic, social and environmental pillars of the Lisbon strategy. They have also introduced some economic rationality into the Stability and Growth Pact, thereby possibly opening up a way to anti-cyclical macro economic policies. However, in order to favour investment in the fields of research and innovation, the ETUC considers that budgets dedicated for these purposes need to be considered beyond public budget deficits. Moreover, giving the Member States the possibility of distancing themselves from the obligations of the pact, in regards to the financial contributions to pension reform, by creating an obligatory reference to the capitalization financings, is highly questionable.

3. Recent developments concerning the ratification of the European Constitution once again underline that European workers and citizens reject the liberal mantra and employers' approach of painful and unpopular measures and social regression for all workers in order to compete with low wage economies such as China. To rebuild overall confidence in both the European project as well as the recovery of the European economy itself, a different approach is absolutely urgent. The Integrated Guidelines for Growth and Jobs provide an opportunity to do so and to send out a message of confidence to the people of Europe. The ETUC urges the June European Council to use the integrated guidelines to stress that Europe will start working to recover. And that this will not be done by cutting wages and by making people even more insecure, but by increasing productivity and innovation and by investing in knowledge and the quality of jobs. Not more precarious jobs but more and better jobs are the real way forward for Europe.

TURNING THE BROAD ECONOMIC POLICY GUIDELINES (BEPGS) INTO A REAL BASIS FOR EUROPEAN ECONOMIC RECOVERY

4. **Stability and reform are not enough.** The ETUC deeply regrets that the draft 2005-2008 BEPGs are once again limited to stability orientated and structural reform policies and basically continue to neglect aggregate demand policies. However, the fact that the European economy is now having its fifth (!) year of almost stagnation shows that such an approach is incomplete and does not work. Indeed, an economy that is the second largest economy in the world cannot hope to get continuously 'bailed-out' by policy makers in the rest of the world conducting the type of Keynesian-demand policies that Europe itself is refusing to practice.

5. **The medium run starts now!** Instead, the BEPGs need to recognise the importance of counter-cyclical aggregate demand policies that can make Europe its own engine of growth. This is the missing link in the Lisbon Strategy. If this link is not provided, then economic growth in Europe will continue to 'muddle through' and European policy makers in a few years time will be forced to conclude that all their structural reforms have merely resulted in lower effective growth, not higher potential growth.

6. Using European strength by acting together on economic recovery. The ETUC calls upon the European Council to establish a new guideline proposing a new European Growth Initiative, inviting member states to draw up national plans for recovery by investing 3% of GDP in Lisbon priorities such as research, education and training, active labour market policies, social housing, clean technologies and renewable energy sources. National recovery plans need to be coordinated at the European level and can be financed from three sources:

- a. Using the new scope for flexibility in fiscal policy making the new Stability Pact offers ('Lisbonising the Stability Pact').
- b. Using excess capital savings by lending through the European Investment Bank lending ('The EIB as one of the European guardians of growth').
- c. Shifting expenditure and taxes into those categories with a higher impact on aggregate demand ('Austrian Keynesianism').

7. Avoid excessive wage moderation. Wage bargaining has done more than its share of keeping inflation at historical record-lows and close to 2% despite many inflationary shocks. The BEPGs should recognize this explicitly and warn for the danger of wage moderation, which would keep the economy into a depressed state and possibly tip low inflation over into deflation. Also, the BEPGs should acknowledge the autonomy of social partners concerning collective bargaining in a clear way.

EMPLOYMENT GUIDELINES FOR MORE AND BETTER JOBS

8. Precise labour market policy objectives have been kept on board. The ETUC is pleased to note that the European Labour Ministers have kept the basic approach of the European Employment Strategy by re-inserting the employment and labour market benchmarks and objectives. These concern participation in lifelong learning, 'new start' measures for unemployed, active measures for long-term unemployed, provision of childcare, reduction of early school leavers. By not allowing these precise objectives to be substituted by a mere formulation of good intentions, employment ministers have avoided to take a first step down the road of creating jobs at

any cost. Indeed, the European Employment Strategy is an essential instrument for addressing change by investing in a better performing labour market. It is the European answer to the many calls of pure and simple deregulation of labour markets that are systematically produced by institutions as the IMF, the OECD and many others. The ETUC will never accept for the European Employment Strategy to be hollowed out.

9. ‘Making work pay’ should not boil down to driving the unemployed into any kind of job. The ETUC is worried about the possible shift appearing under the heading of ‘making work pay’. Here, the focus is now completely on benefit and tax reform whereas the dimensions of ‘decent and equitable wage’ is missing and the call (which was present in previous versions of the guidelines) to ‘develop appropriate policies with a view to reducing the number of working poor’ has been dropped in this guideline. The ETUC urges the European Council to correct for this. The fact that a quarter of the people living at-risk-of-poverty do have a job testifies to the fact that more jobs and more growth do not necessarily mean less poverty. The Council should recognize that fighting the phenomenon of the working poor is a basic pillar of an agenda for ‘more and better jobs’ and should insert this line clearly into the specific guideline on making work pay.

10. Workers’ concerns on restructuring need to be addressed. When a majority of workers perceive European and trade integration as ultimately ending up in ‘jobs out, wages down’, something is very wrong. These fears for ‘delocalisation’ need to be addressed convincingly and the ETUC regrets that the draft guidelines only refer to the issue of restructuring in a general and vague way. Instead, a guideline should be added that requests member states to ensure that every retrenched worker has a right on reintegration in the labour market (retraining, job counselling, outplacement...). European structural funds should support collective bargaining agreements that establish such a right. In doing so, the European Council can make a clear case for a management of change strengthens workers’ rights in the process of transition and structural change. Industrial policies and the quality of employment should be developed because the microeconomic approach is insufficient. The new conditions arising from the evolution of industry, the creation of services resulting from

it and the complexity of enterprises structured in networks require a deeper commitment, the strengthening of training processes and ongoing education. Therefore, a more dynamic vision aimed at quality employment is essential.

11. Keep the National Employment Plans! The ETUC cannot subscribe to the proposal that the National Employment Plans would disappear and be replaced by the employment chapter in the new national plans for reform. As argued above, the European Employment Strategy is an essential ingredient of the Lisbon ‘high road’ approach and its processes and procedures should not be downplayed. The ETUC invites the Council and governments to use for the employment guidelines the same approach that is used for the macro economic part where the proposal is that the chapter of the national reform plans will be based on the stability programs that remain a separate report (see Commission staff working paper. Working together for growth and jobs. Next steps in implementing the revised Lisbon strategy SEC (2005)622/2).

12. The demographic challenge is faced with the problem of ageing populations, with the problem of decreasing birth rates and also the question on immigration. A close cooperation between national and European levels is becoming imperative particularly through the implementation of an active policy aimed at the protection of these populations.

13. The need to reinforce the dimension of equality between men and women. If we really want to raise the level of employment, great importance must be attached to gender equality policies and to the principle of gender mainstreaming by reintroducing references to the policies to be implemented (objectives to do with childcare or care for the elderly, reviewing wage systems, better allowances for parental leave). There is also a possibility of referring to the framework of the social partners on action to be taken to ensure gender equality.

14. Guidelines on research and development are a crucial objective of the Lisbon strategy if it is to be successful. Hardly any definite proposals in terms of employment have been mentioned. The economic climate and potentiality of employment have barely been addressed.

6

AFTER THE REFERENDUMS – TAKING THE INITIATIVE

15 June 2005

Ten countries have voted in favour of the EU Constitutional Treaty but France and the Netherlands, two founder member states of the EU, have delivered a powerful blow, not just against the EU Constitutional Treaty but against the way the current European project is being managed.

They voted 'no' for many reasons, European and national, but fear of lower social standards and neo-liberal policies, of insecurity and precarious work, and of high unemployment played key parts.

The people rightly expect urgent action from Europe's leaders. Not to act would encourage the opponents of the European project who are already seeking to weaken it.

The ETUC Executive Committee's view, following a decision on 13-14 October 2004 in support of the European Constitutional Treaty, stresses that the introduction of social values, social objectives, social dialogue and the charter of fundamental rights are important steps in the right direction.

On the Constitutional Treaty now, the Member States have to take a decision about the future of the ratification process but they have responsibilities to find ways of proceeding both with the Constitutional Treaty and the development of Europe. The ETUC will continue to help to find the best possible solution.

So today, the ETUC Executive are calling on the European Council to recognise fully that

- there will be no chance of gaining popular support in all countries for Europe without a more successful economy and an

effective social dimension, aiming to provide security in the process of change

- there is an overriding need to restore confidence in Europe by promoting Social Europe, more and better jobs, fundamental rights and growth-friendly macro-economic policies (see separate ETUC resolution)
- the EU and the social partners should draw up a new economic, employment and social pact reflecting a new measure of will to face the future together and make Europe fully ready to handle the globalisation process.

And the European Council has to show that it is able

- to come to an agreement on the financial perspective with a substantial programme for growth, investment and research on the basis of a fair contribution and distribution for all Member States and a clear commitment to social and regional cohesion and solidarity.
- to regain the trust of the European citizens in integrating the social dimension in European politics (for example the Services directive, working time, port services, industrial policy...) and by conducting a consultation exercise in which all relevant subjects of concern should be addressed frankly.

The ETUC Executive Committee asks for urgent action to respond concretely to the demands of workers with the objective to continue to support the European project and enlargement.

The Executive Committee will come back to the wider issues.

7

CONFRONTING DEMOGRAPHIC CHANGE: A NEW SOLIDARITY BETWEEN THE GENERATIONS

ETUC contribution to the debate started by the Green Paper

14-15 June 2005

INTRODUCTION

ETUC took a great deal of interest in analysing the Green Paper on demographic change and its implications for the citizens and for European society as a whole.

The Lisbon Strategy which is based on four pillars – growth, employment, social cohesion and sustainable development – is highly relevant and extremely useful in this discussion on demographic change because in a country or a region with high levels of unemployment and a lack of prospects for future growth and employment, demographic growth risks being seriously jeopardised.

Accordingly, the challenges resulting from demographic developments must be taken seriously. We think that it is necessary to place them correctly in context without exaggerating the risks and without forcing through solutions which, if not neutral in both social and economic terms, could have negative consequences in the long run.

The Green Paper provides us with an overview of the situation which could lead us to believe that Europe is in the midst of a demographic ‘crisis’, in other words, a long-lasting situation from which there is no escape. ETUC thinks that we are going through a demographic cycle, and that this cycle was, incidentally, foreseeable.

So, care must be taken with the statistics in the Green Paper. They must be taken into account, but the following must be borne in mind: they are meant to give an indication not a definite representation of the situation ('projections' are not 'predictions' and predictions are never 'realities'); the projections beyond a maximum of 25 to 30 years are not just hypothetical; they are overall figures which need to be adapted and refined on national and regional level and which cannot be used as a pretext for 'overarching' political solutions.

We also think that, in addition to these figures, there are other factors which influence demographic growth and demographic decline. Some of these factors are not addressed adequately, if at all, by the Green Paper, despite the fact that they have to form part of the discussion on demographic issues. Two examples of this are 1) the issue of reconciling work, family and social life, and 2) the issue of working and living conditions, which are key determining factors. Matters linked to housing conditions and family benefits will also have a role to play in the debate, essentially on the basis of the implementation of principles from the Charter of Fundamental Rights.

ETUC believes that the debate focuses too much on the issue of social expenditure, in the broadest sense of the term, which is all too often presented as a cost, and even as a burden for future generations. The Green Paper does this too, more specifically when it deals with social protection and, above all, with the ambiguous use of the word 'reforming' social protection systems without incorporating the objective of 'improving' them. We would suggest that a modification should be made to the text with social protection being viewed as a 'productive investment'.

ETUC thinks that in order to respond positively to the challenges resulting from demographic change, an integrated approach is required within the framework of a pre-emptive strategy. A range of instruments, policies and players must be involved. The focus must be on life-long training, the promotion of quality employment, the negotiated adaptability of working conditions, the prevention of unemployment, including in company restructurings, and opportunities for retraining during the second part of a career within the framework of social protection systems which are better suited to people's

needs and which do not focus on penalising individuals. Individual choices as regards managing careers and life cycles must be placed within the framework of collective guarantees. These policies also influence the behaviour of workers and therefore have an effect on their individual choices. This has repercussions for demographics.

ETUC's contribution will focus on the issues which we believe to be the most important for the successful management of demographics in Europe.

DEMOGRAPHIC CHANGE AND LABOUR MARKET POLICIES

In the revised Lisbon Strategy and, more specifically, in the European employment strategy, the aim of creating and improving employment must remain the key concern. Active and inclusive labour market policies aimed at young people and older workers must be drawn up in close cooperation with the social partners. This requires defining a better policy to cover the entire duration of a career, which in turn is closely related to life-long training.

This is as much a matter of active and 'attractive' policies for young people in the labour market as of policies enabling older workers to opt for a gradual and active end to their careers. Moreover, to promote youth employment, regional mobility must be made easier and obstacles to professional and geographical mobility must be removed.

So that these policies can be pursued successfully, several instruments are necessary: resources from the Structural Funds, and in particular from the European Social Fund - optimal use must be made of these resources; the EURES network, whose operation needs to be optimised; public employment services which must be geared more towards older people and social dialogue at all levels.

Social dialogue is, in fact, particularly relevant and useful since the answers to some of the questions posed can be found within companies or branches regardless of whether they deal with:

- the promotion of a culture of forward-looking age management within companies both in terms of young people enter-

- ing or older people leaving the labour market, and adapting methods to this, essentially using the options of gradual leaving whilst taking account of the arduous nature of the work;
- equal pay. In fact, contrary to what certain questions in the document may imply, it is not for the pension schemes to make up for wage inequality encountered during a professional career. At most they can 'correct' or lessen certain negative effects using collective solidarity mechanisms which they set up; in any case, action needs to be taken proactively, not reactively;
 - measures allowing for a combination of retirement and employment;
 - more innovative work organisation and human resource management policies;
 - reconciliation of work and family life, relevant in all age groups;
 - working conditions, health and safety, including defining and taking account of the arduous nature of work;
 - training – initial or life-long training.

DEMOGRAPHICS AND SOCIAL PROTECTION POLICIES

In some people's eyes, demographic change is likely to pose problems for financing social protection systems, especially as regards public funding for these systems, and will encourage people to resort to private systems. However, if we take the example of financing pension systems, despite claims to the contrary made a few years ago, everyone now agrees that these developments will affect both public and private pension systems.

Also, if we run the risk of having, as some people claim, problems with financing social protection in the near future, this risk is not so much linked to the demographic cycle (since all countries have already anticipated its consequences and have already undertaken the necessary reforms, especially for pension systems) but rather to the fact that: many countries are reducing social contributions without compensating for this reduction using other resources, even if demand is continuing to increase; in terms of the management of the labour market, countries are depriving themselves of a dual potential of workers, and therefore also of social contributions,

which come from young and older workers in the company. This is because young people are entering the labour market later and later, and when they get there are often employed in precarious and poorly paid jobs, and then when they are older, they leave the labour market increasingly earlier.

Actions:

- Review the methods for financing social protection, which do not take sufficiently in consideration profits made by companies, therefore penalising labour-intensive companies and sectors;
- Find additional sources of financing in order to cope with new needs;
- Promote social protection systems for the benefit of social cohesion, fairer redistribution of income and genuine equal opportunities;
- Support pension payments which are linked to employment income, thereby enabling pensioners to be active in economic life instead of being ‘assisted’. This will promote employment in order to meet new needs.

DEMOGRAPHIC CHANGE AND MIGRATION

Although many European Union citizens do not consider their countries as countries of immigration and are opposed to a more open policy towards migration - in contradiction with demographic realities – the reality is that today all EU countries are destinations for migrants from all over the world, especially from neighbouring countries.

International migration is on the increase for many reasons. The most important causes are related to the considerable economic, social and political gap between relatively rich, democratic and stable but ageing societies in Europe, and poorer, less stable but youthful and demographically growing societies outside the EU. The pull and push factors remain a reality on both ends and the link with the demographic challenge is inevitable. In this respect, migration is part of the reality and will have to be addressed as a positive challenge and not as a negative threat.

However, the ETUC considers that migration can only be part of the solution to Europe's demographic problems. The key issue to address is how to develop a more proactive migration policy, geared towards managing and not preventing migration, and how to get the support of Europe's populations for it.

ETUC's contribution to the Commission's Green Paper on economic migration enumerates a number of key-elements of such a pro-active approach. We will not repeat them here. However, we would like to point out a few points for action:

Actions:

- the European and migration policy – even more so the one directly related to the functioning of the labour market and to possible labour shortages - has to be established in close consultation with the social partners both at national and European levels;
- in order to tackle labour shortages, we consider it fundamental to invest more and better in development of the competences and qualifications of young people, older workers, the unemployed and underemployed that are EU citizens or third country nationals legally resident in the EU;
- open up possibilities for the admission of economic migrants, by providing a common EU framework for the conditions of entry and residence, based on a clear consensus between public authorities and social partners about real labour market needs and guaranteeing equal treatment in the field of social rights;

Such policy should acknowledge the major importance of strengthening the European social model in providing and maintaining basic protection for all Europe's inhabitants, to counter increasing feelings of social insecurity by millions of workers that may feed into racism and xenophobia, and to help the trade union movement play its cohesive role.

THE SITUATION OF WOMEN – A MAJOR SOCIETAL CHALLENGE FOR DEMOGRAPHICS

Women are key in the discussion on demographic change: they constitute an under-utilised pool of labour to face the labour short-

age, they are one of the main actors in the provision of the future work-force; they are the key providers of both formal and informal care to children and the elderly; they constitute the major part of the older population due to their longer life-expectancy, making them more reliant on welfare provision in the long run.

Their role is primordial, and yet also fraught with problems. The main problems are linked to the enormous pressure put on women. They are expected to increase in a sustainable way their labour market participation; they are expected to give birth to more children; they are expected at a later stage in their lives to care for their grandchildren, as well as for their own parents and last but not least they are expected to take their share in 'active ageing'.

Statistics reveal a positive correlation, at macro level, between fertility, female employment rates and the existence of high quality and affordable services and infrastructures, encouraging the conciliation between work and family life. Hence high fertility countries, like the Scandinavian countries, also have high employment rates for women. Unemployment and precarious employment act as a brake on fertility rates, leading women to postpone their decisions to have children. Furthermore, precarious employment records have an impact on the standard of living in old age as pension provisions are based on employment records and wage levels.

Although women have increased their labour market participation over the past 30 years, there has not been an even development of the necessary measures to enable families to combine work and family responsibilities. Gainful employment has become the norm for women and the choice to have children or not has become dependent on the quality of the job, including the income and the permanence and whether there are possibilities to combine work and children. This means that women and especially young women postpone their fertility aspirations until they have obtained a certain security with regard to professional qualifications and labour market levels. This clearly leads to the perpetuation of the job segregation for women.

Hence, providing women and especially young women with a perspective on the ability to reconcile family and work and the ability to share this responsibility with their male partners and society,

gearing welfare systems towards the changing realities of families and the labour market, combined with the emphasis on high quality employment for women in terms of contractual relationships and wages, are key in facing demographic change. Women have an interest in promoting change, in order for reality to better take account of their specific situation, but also to encourage men to take advantage of opportunities to play a full part in family responsibilities.

Actions:

- Close the gender pay gap;
- Improve the availability of quality employment for women both in female dominated as in male dominated sectors;
- Improve parental leave and care provisions and make part of these provisions transferable between parents (so that more pressure is put on fathers to make use of these provisions), while making employees and employers aware of the benefits of taking up parental leave;
- Introduce mechanisms into social protection system, which acknowledge that lifecycles are individual and made up of periods of professional activity and inactivity, taking into consideration, where appropriate, time spent in informal caring;
- Ensure the availability of negotiated flexible working arrangements - including leave arrangements - for men and women that do not undermine their long-term participation and position on the labour market;
- Provide forms of universal, accessible, high quality and affordable child-care and elderly care infrastructures that do not hinder mobility on the labour market, and seek innovative ways of providing essential household services as well; such services should be present in the whole territory of the European countries;
- Promote the exchange of good practice in Europe on how to enable women and men to combine family life and professional life without prejudice to equal opportunities.

URGENT NEED FOR AN INTERGENERATIONAL CONTRACT

The development of active aging strategies and assistance in getting young people onto the labour market lie at the very heart of a true intergenerational approach.

ETUC welcomes the launch of the European youth initiative in connection with the Lisbon strategy. This initiative should focus the necessary attention to the crucial issue of integrating young people into the labour market. We also believe that this approach will only be successful if it also addresses other problems faced by workers in general, and older workers in particular.

The issues of security, stability and, above all, quality jobs for all remain a priority for ETUC.

Active labour market policies must prevent all risks of social exclusion and discrimination against young and older workers.

ETUC calls for continuing to develop the revised European Employment Strategy to combat the difficulties faced by workers in general - both young and older workers - as regards employment.

Policies must be combined with measures to improve the situation for young and older workers on the labour market.

Actions:

- Prevent long-term unemployment through education and training and by making smoother the transition school – employment – school.
- Guarantee access to high-quality education and professional training for all throughout working life accompanied by opportunities to develop and maintain skills.
- Support initiatives implemented by Member States for 'youth pact' programmes and measures that encourage solidarity between generations where social partners are involved at all levels.
- Promote the establishment of observatories on changes in professions and qualifications.

We must not forget that professional and life-long training are essential factors for ensuring that European workers, women and men, adapt to a continually changing environment. A knowledge-based society offers new opportunities for everyone, but care must be taken to ensure that it does not lead to the emergence of new categories of excluded citizens. Rather, this new society must ensure that everyone has the opportunity to acquire new skills, competen-

cies and qualifications - or tools - to allow them to react to rapid changes in society and the labour market.

THE SITUATION FACED BY YOUNG PEOPLE

Employment and the fight against unemployment remain fundamental, if not primary, concerns for young Europeans, just ahead of democracy and human rights.

Young people are indeed more fragile and vulnerable than their elders at a time when employment is particularly unstable.

For two thirds of young Europeans, employment means short-term contracts, part-time work without the option of working full-time, temporary work, seasonal work, undeclared work, child labour (which many wrongly believe is only a problem outside Europe) and so forth.

These experiences are combined with difficult working conditions, low wages, a lack of training, gaps in social protection and meagre career prospects. And the list could go on - particularly in the services sector.

Moreover, the employment situation is not without consequence for young people's daily lives: they are more financially dependent on the state and their parents; they continue to live with their parents much longer (staying in the parental home appears to be a decision that is primarily forced upon them due to the economic and social situation); development of interim situations between the parental home and their own accommodation (they have two residences, they return to the parental home after having moved out and also having their own accommodation but at the same time retaining close ties with their parents); living with a partner and starting a family later on in life; clear loss of hope (increase in the number of suicides and the number of young people taking drugs).

If we are to combat all these problems, then clearly we must look at a long-term future where young people are not part of the problem but rather part of the solution.

Encouraging young people to become independent today comes down to giving them back the right to make their own life-style

choice(s) (personal and professional) and not, as is currently the case, in leaving them to cope with a situation that leaves them without hope for the future.

Actions:

- Implement measures to prevent young people from dropping out of school.
- Implement specific policies for all young people that aim to integrate them into the labour market.
- Continue to make a commitment to improve the quality of jobs and to fight for decent work for young people by addressing the precarious nature of jobs for young people. Efforts must be made to promote health and safety at work and access to social security (which will also prevent some young people from moving into the informal economy).

THE SITUATION FACED BY OLDER PEOPLE

Longer life expectancy and therefore a greater number of older people is currently being presented as a burden that will become ever greater, particularly as regards the need for long-term care which tends to increase with age.

This is another area where proposals must be innovative and not primarily, or almost exclusively, directed at the family. Of course the family can play a certain role and appropriate assistance must be provided.

However, there are at least two important aspects that must be taken into consideration - firstly, there comes a time when providing care for an elderly person requiring long-term care goes far beyond the abilities -- not just financial but also and above all the physical and psychological abilities -- of the family concerned; and secondly, the concept of the family is changing. After all, who is the 'family' of a dependent elderly person when their children and/or grandchildren are far away as a result of employment-related mobility (search for and/or carrying out a job)? What does the concept of a family mean in broken homes and step families?

Actions:

- A new perspective must be developed, the growing numbers of older people need to be seen not simply as a burden on society but rather as a means of support for younger generations, thus developing intergenerational transfers and contributions.
- Provision of long-term care must be guaranteed when it is provided in high-quality facilities and by qualified staff. Similar action needs to be taken in this area as has already been taken as regards childcare for young children outside the family unit, i.e. care provided in approved facilities and/or by qualified carers. This would then be a sector that would create recognised and qualified jobs and one that would be economically beneficial for social security resources.

CONCLUSION

ETUC is well aware of the fact that at both national and European levels we are still a long way off from adopting and integrated and multidisciplinary approach to managing demographic challenges.

We remain convinced that to successfully implement such an approach, the main players must keep to these objectives. Governments, companies, citizens, workers and the social partners must all work together to implement communication, information, training, regulatory and legislative measures that will help us to find the most appropriate solutions.

To help with the decision-making process, a scenario-based statistics tool, such as the one presented in the Green Paper, must go hand in hand with proactive scenarios that link demographics and citizen-oriented policies.



ETUC'S COMMENTS COMMISSION COMMUNICATION ON RESTRUCTURING AND EMPLOYMENT

Anticipating and accompanying restructuring in order to develop employment: the role of the European Union

14-15 June 2005

INTRODUCTORY REMARKS

In its Communication, the European Commission deals with the questions of restructuring and employment and at the same time launches the second phase of consultation of the European social partners on company restructuring and European Works Councils.

The following comments separate both issues, with a view to enabling separate debates on the aspects related to the political content of the Communication and the procedural aspects linked with the second phase of the Commission's consultation of the European social partners.

GENERAL COMMENTS

The ETUC is happy to note that the Commission Communication puts back on the EU agenda the issue of restructuring, its links to employment and to other relevant policies, and social dialogue within companies, both at EU and at national level. The Communication places the issue of restructuring in the context of economic growth and job creation, but also recognises that restructuring in-

volves high costs for workers and the regional and local economy. In this context, it highlights the need for adjustment to change coupled with a concern to preserve workers' employability and facilitate their transition to jobs of equivalent quality.

Restructuring is, amongst other things, closely linked to delocalisation, a concept which is close to the top of concerns in many EU countries. Today, we are seeing threats of delocalisation being used to wring concessions from workers and their representatives. The problem is just as important for the new Member States, which are currently experiencing substantial changes in the structure of employment.

The Communication addresses the problems associated with the negative fallout of restructuring, delocalisation, fusions and mergers, not just for workers themselves, who in every country share a sense of insecurity prompted by fear that their jobs will disappear or go abroad, but also for different sectors of the economy that are directly or indirectly exposed to the consequences of restructuring and for entire local and regional economies. These consequences are often incompatible with the Lisbon objectives, namely those related to promoting full employment and the quality of jobs, social and territorial cohesion and sustainable development.

If the European Union is to respond successfully to the challenges posed by globalisation and the swift pace of change affecting society in general and the workplace in particular, it needs to develop a strategic and pro-active approach with regard to restructuring. It is stressed that the Commission is committed to placing the debate relating to anticipation, guidance and adaptability in a context of shared responsibility between employers, authorities and workers, rather than expecting the effort to be made solely by workers or those with social security cover. Anticipating, managing and accompanying restructuring processes requires the active participation of all relevant actors and must be based on clear synergies between political, legislative, contractual and financial instruments. In addition, action must be taken at all relevant levels, including the European level.

Trade unions have integrated constant change as an ever more present feature of their daily action in order to maintain a certain level of performance in the European sectors of activity and to remain competitive in the global market. This can only be achieved if we are able to establish the right balance between the interests of the different stakeholders, namely those of the enterprise and its workforce. We know that this is seldom the case! Trade unions do not resist change, as long as it is justified, negotiated and well managed in a socially responsible way. But what we will always resist is a scenario in which the negative consequences are borne exclusively by workers, whilst many managers who have failed to live up to their responsibilities receive a 'golden handshake' in return. At this level, trade unions expect the Commission to support the evidence that restructuring is 'essential' for companies' survival by analysing the fallout of past instances of restructuring.

ETUC stresses that trade unions do not merely wish to play a role in managing the social consequences of restructuring. They also want to play an active and pro-active role in anticipating restructuring. For this to be the case, workers and their representatives must be actively involved in the daily life of their companies so that they can influence any decisions taken and make sure that information and consultation procedures do not only target questions related to restructuring, but also cover all areas of the company's activity, its strategic choices and decisions and anticipate their effects on employment.

In this respect, it is essential that the existing legal instruments on information and consultation are fully respected and made more coherent, and that companies which do not respect these instruments are sanctioned. The ETUC notes with interest the promised consolidation of the various provisions on worker information and consultation, and insists that this should be made to improve the effectiveness of these rights, namely in terms of the timing and the quality of information and consultation. However, we would also have liked to see a reference to participation, as well as information and consultation, as is the case in directives 10 and 14 of EU company law. Furthermore, we miss any guidelines as to how European companies should behave when they delocalise. Our view is that they should reflect their country of origin and not simply adopt the culture of the destination country.

SPECIFIC COMMENTS

There are a number of positive, encouraging and pro-active messages in the Commission Communication, which suggests that the European executive will not merely play the role of spectator, but rather play an active role in setting a positive agenda that will result in a more positive anticipation, management and monitoring of restructuring processes within the European Union.

Some of the **positive proposals** are:

- The reaffirmation of the important role played by the social partners at the interprofessional but also at the sectoral level, including the contribution by sectoral social dialogue committees, but also at the national, regional and local levels. ETUC is of the opinion that the public and private sectors must both be covered and that employers in every sector and of all sizes must agree to discuss the issues.
- The Commission's establishment of an internal task force, involving all relevant DGs. This will enable better coordination and the development of synergies between the different policies that will have the joint task of minimising the negative social consequences of restructuring. Links and coherence between the work of this task force and industrial or competition policies are extremely important.
- The creation of a "Restructuring" Forum, although its success will be highly dependent on its composition, its ability to avoid confusion regarding the roles of the different actors, and whether or not employers use it as an excuse not to discuss the subject within the framework of social dialogue. The social partners should be able to influence the setting of the Forum's agenda, and this should not be exclusively restricted to the social aspects of restructuring.
- The refocusing of the revised European Employment Strategy on priorities that will support the different phases of restructuring (it remains to be seen how the final 'restructuring' guidelines will be worded).
- The intention of using the Community's financial instruments to more efficiently anticipate and manage restructuring. These instruments include in particular the Structural Funds, where

the role of the social partners should be further strengthened, but also the 7th Framework Programme on R&D, the future lifelong-learning programme and the creation of contingency reserves in the case of unforeseen events.

- The sector-focused approach, the promotion of forward-looking studies and its link with employment and a revamped industrial policy. The identification of three relevant sectors for analysis in 2005 should not be interpreted as suggesting that this will only be done for sectors in crisis. Furthermore, the sectoral social partners should be closely involved in the work done in this area.
- The promotion of social rights and social dialogue in the context of the EU's external policies, with the aims of promoting better working and social conditions worldwide and fighting unfair trade.
- Making the most of the role played by the EMCC, though this will have to be accompanied by the appropriate financial and human resources, means allowing for better monitoring at both the sectoral and territorial levels.

There are also several points that give us **cause for concern**:

- The degree of ambition is poor if compared to the trade union objective of achieving zero unemployment through a restructuring process and the need to find an appropriate solution for each and every worker. Preconditions for an anticipatory policy include the promotion of and right of access to lifelong learning for all workers. The appropriate reply to the consequences of a restructuring process must include support mechanisms for workers who fall victim to restructuring. These mechanisms must be clearly defined, both prior to the restructuring process itself, throughout that process and by monitoring it over an appropriate period of time in a bid to analyse the sustainability of the steps taken. These steps should include job cuts as a last resort, an active search for alternative solutions to redundancy, tailor-made measures in the areas of job counselling, training, support in finding a new job, placements in another company, support for the creation of new activities with access to necessary loans, adequate social protection during unemployment and a job search period –all this with a view

to promoting geographical and career mobility in a context of non-discrimination . These measures should be co-financed by the EU's Structural Funds.

- The involvement of workers' representatives in the area of competition policy is far from an adequate response to trade unions' interests and aspirations in this area. In this respect, a clear reference should be made to the fact that in the event of merger control procedures, DG Competition should take decisions on the basis of a number of different aspects, namely those related to employment and industrial policy. This confirms the need for better interaction between the relevant EU policies when designing an appropriate strategy for managing restructuring.
- In the case of mergers, no reference is made to management's obligation to consult and inform the EWC. At present workers are unable to exercise their rights, since they are notified only after the decision has been taken by the European Commission.
- A certain contradiction between the announcements of a bigger role for the EU and the strong emphasis on national responsibility.
- It remains to be seen how effectively European financial instruments will contribute to the process in the light of the difficult debates concerning financial perspectives.
- The intention to redirect State aid to areas making the greatest contributions to growth and employment is not clear, since no concrete proposals are mentioned.
- In view of the need to collect more information to gain a better understanding of restructuring processes, one important step would be to develop mechanisms for measuring the social, territorial or industrial impact of restructuring.
- The unclear link with voluntary Corporate Social Responsibility that has no European framework of reference and can in no way replace the exercising of workers' rights to information and consultation.
- No mention is made of a possible EU instrument on companies' obligation to produce an annual report on changes affecting employment, working conditions and the environment.
- The real content of the "regulatory modernisation and simplification measures" in relation to the regulatory framework,

since most of the processes of ‘simplification’ we have experienced are equivalent to a reduction of workers’ rights.

- The same comment in relation to the Green Paper on the Development of Labour Law: The trade unions will be prepared to discuss and negotiate measures leading to a balanced approach, to the promotion of flexi-security, but they will oppose any measures that will result in even more deregulation.
- Despite the fact that currently, as there is no possibility of real preventive involvement, managing the negative consequences of restructuring is one of the issues covered in negotiations between the social partners, the Communication says nothing about a pan-European framework for collective bargaining in the broadest sense at company level.

SECOND PHASE OF CONSULTATION OF THE EUROPEAN SOCIAL PARTNERS ON COMPANY RESTRUCTURING AND EUROPEAN WORKS COUNCILS

Several comments can be made regarding the launch of the second phase of consultation, concerning both its procedure and its content:

On the procedure:

- For the first time, the Commission is launching a consultation of the social partners in a Communication that is intended for the public at large;
- For the first time, the Commission is launching a joint consultation on two separate issues. In reality, EWCs do not deal exclusively with restructuring, and restructuring is not only an issue for EWCs or happening at cross-border level;
- The ETUC criticises the fact that the Commission brings together in a second stage consultation two subjects very different in substance as regards levels, intensity and procedures;
- The ETUC considers that Article 138(3) EC only applies if two conditions are fulfilled: “the Commission considers Community action advisable” and the Commission produces “the envisaged proposal”: (1) the “Community action” which the Commission considers advisable in COM 120 is “encouraging the European social partners to intensify ongoing work and

to start negotiations with a view to reaching an agreement among themselves". It is questionable whether any of these constitute "Community action" within the meaning of Article 138(3) EC, which requires much more concrete and specific "Community action", specifically, by the Commission; (2) as stated before, the Commission does not produce "the envisaged proposal";

- In our view, neither of the two conditions of article 138(3) is fulfilled by the Commission's communication.

Where content is concerned, the following should be remembered:

- Where restructuring is concerned, following the first stage of consultation in 2002, the European social partners discussed "orientations for reference in managing change and its social consequences" following an analysis of a number of examples. That document was noted by ETUC's Executive Committee in October 2003 and considered as a first example of the joint work done by the European social partners on restructuring. We also agreed that the sectoral social partners should continue their discussions of this issue.
- In the meantime, and following the social dialogue work programme 2003-2005, together with the employers we have launched the action on restructuring in the new Member States, a project that will end in June 2006.
- Where EWCs and following up on the first stage of consultation in 2004 are concerned, ETUC urgently requested the Commission to revise the directive. This request remains valid.
- Together with the employers, following the joint work programme, we agreed that a number of lessons had been learned from the joint analysis of a number of cases of good practice.
- None of these documents foresees any follow-up measures, which is a clear indication of the difficulty of reaching agreement with the employers. Both where restructuring and EWCs were concerned, no agreement could be reached on a joint statement by the social partners on further commitments. Where EWCs are concerned, the employers reject any revision of the directive.

- It is clear from the Commission's document, and also in view of the political situation within the Commission, that no legislative proposal will be presented on either topic. The Commission is ready to promote good practice and the rest of the work must be done by the social partners. There is no indication of what the European Commission will do if, by the 2006 Spring Council, nothing has happened with regard to interprofessional or sectoral social dialogue.
- The social partners are asked "to intensify ongoing work and to start negotiations with a view to reaching an agreement among themselves on the requisite ways and means for:
 - implementing mechanisms for applying and monitoring existing guidelines on restructuring, and a discussion on the way forward;
 - encouraging adoption of the best practices set out in the existing guidelines on restructuring;
 - promoting best practice in the way that European works councils operate, with a view to making them more effective, more especially as regards their role as agents for change;
 - devising a common approach to the other points in this Communication which are of concern to them, more especially training, mobility, the sectoral dimension and the anticipatory aspect."

It is clear from ETUC's internal discussions about these issues that no option should be excluded.

At the same time, it is confirmed that with regard to EWCs, ETUC is maintaining its long-standing demand for the revision of the directive. Our main priorities regarding such a revision are the following: a precise definition of the content and means of exercising the right to information and consultation which should be provided by companies before decision-taking; the formal recognition of the trade union role; reinforcement of the right of EWC representatives to language training and to the implementation of specific training programmes with respect to the carrying out of their duties; the right of recourse to experts with adequate financial cover of their expenses; the non-applicability of decisions taken by companies in the event that the respective information and consultation procedures

are not respected or that false or deliberately imprecise information is circulated. The possibility should not be ruled out of getting back together with the employers in a social dialogue to jointly analyse more cases that illustrate the good or bad implementation of the directive.

As for restructuring, several options can be considered in order to make progress on this question: the Commission should submit urgently its proposal on the harmonisation of information and consultation rights; progress made at the sectoral social dialogue level must be evaluated; the current situation at national level must be assessed, especially in the light of the 2002/2003 debate within the framework of European social dialogue. In any case, restructuring will be back on the agenda of the interprofessional social dialogue as a result of the joint project being developed with the employers in the new Member States.



SOCIAL DIALOGUE JOINT WORK PROGRAMME 2006-2010 ETUC PROPOSALS

14-15 June 2005

I. INTRODUCTION

The ETUC Executive Committee has discussed and adopted the orientation included in this document. Further discussions will take place during the Social Dialogue Committee which will meet on 24 June, with a view to adopting the final text during the November Social Dialogue Committee. In order to do that, ETUC will propose setting up a small working group in the social dialogue committee to develop a joint text for the November meeting.

The period covered in this proposed joint work programme (2006-2010) is longer than the current one. This is being proposed on the basis that the employers side agree that this programme is flexible and non-exhaustive. Should this not be the case, we will revert to a shorter time period.

For the ETUC, any proposed and/or adopted joint work programme, will however have to be read taking the following into account:

- Given the current economic, social and political environment, the fact that the European Commission is not using its right of initiative in the social policy area, and the need for a collective response to globalisation, social partners have an even greater responsibility and role to play. However, much depends on the employers attitude and willingness to assume this responsibility and role.
- A wish of the EU social partners to establish an agenda which focuses more on the quality of the outcome rather than the quantity of outcome

- A need to achieve, also in terms of content, greater synergy between and amongst the different levels and forums of social dialogue (European, national, regional, cross-border, sectoral, enterprise, etc.)
- The continuation and strengthening of joint initiatives in the new member states and the need to further and better associate member organisations from the (current and future) EU candidate countries in the EU social dialogue process
- Any list of jointly agreed issues/actions is not an exhaustive list; on the contrary, space should be left to include new themes for a number of reasons including:
 - The (political) reality of emerging issues
 - The recently adopted "very open" Social Agenda which foresees several important actions but which are often very vague both from a time and content perspective and can have important consequences for workers and/or trade union rights.
 - The current EU programme on health and safety runs until 2006; however, a new programme for the period 2007-2012 is foreseen and may result in new proposals to be explored/tackled within the social dialogue programme/framework

Therefore a certain "flexibility" is necessary to allow the EU social partners to act as promptly and effectively as possible (and preferably jointly) on these new proposals and/or challenges.

II. INITIATIVES FROM 2003-2005 PROGRAMME NOT YET (FULLY) IMPLEMENTED

1. Ageing work force (Seminar 14 September 2005 but likely to run beyond 2005)
2. Young people (kick off at the SDC 24/6/2005, but likely to run beyond 2005)
3. Racism (kick off at the SDC 24/6/2005, but likely to run beyond 2005)
4. Harassment/Violence (Seminar 12 May 2005; possible negotiations end 2005 and if so, continuing in 2006)

5. Undeclared work (Seminar Autumn 2005; follow up likely for 2006)
6. Restructuring (Ongoing joint project + 2nd Consultation of Commission ongoing)

III. NEW AND/OR CONTINUATION

1. **“Enhancing the quality of the European Social Dialogue”**, based on the experiences gained so far and including issues such as:
 - Clarification of social dialogue instruments
 - Interpretation and monitoring systems
 - Mediation/conciliation/arbitration systems/access of EU social partners to ECJ
 - Synergies between and amongst the various levels of social dialogue (interprofessional, sectoral, enterprise, etc.)
 - The process of consultation (EU social partners vs. “non”-privileged actors (i.e. the general public and “civil dialogue”)) and the social partners’ association to the relevant EU processes
 - Transnational collective bargaining
 - Awareness raising of social dialogue with a view to highlighting best practice on the development of social dialogue and the promotion of social partnership in the context of more effective industrial relations systems.

The reason for this action is quite clear. A number of the aspects mentioned above have for some time been of major and increasing concern to the ETUC, as well as to the European Commission as can be seen in the most recent Communication on social dialogue (COM (2004) 557 final of 12.08.2004). Other aspects however, such as the enforcement of agreements via judicial and extra-judicial procedures on EU level have been longstanding demands from our side, but have been barely if even touched upon by the EU institutions. And finally, there is the Commission’s intention in the Social Agenda to “to adopt a proposal designed to make it possible for the social partners to formalise the nature and results of transnational collective bargaining. The existence of this resource is essential but its use will remain optional and will depend entirely on the will of the social partners.”

2. “Annual reporting”

2.1 “Employment related” topics, with the idea to do it, as far as possible, in 1 overall report and looked at from an employment policy perspective:

- Employment guidelines
- LLL
- Gender equality framework of action
- Reporting on other (new) issues: youth, ageing, undeclared work, racism

2.2 Reporting on the implementation of framework agreements

- Telework (final report)
- Stress at work (interim reports and final report)
- Reporting in relation to instruments to be concluded in future: harassment/violence

3. **Evaluation of former framework agreements** on parental leave, part-time work and fixed term work.

4. Joint contribution of EU social partners to:

- TFlexi-security
- TInnovation (building on the social partners’ joint declaration on the mid-term review of the Lisbon strategy, March 2005)
- TEuropean Year of Mobility (2006)
- TEuropean Year of Equality (2007)
- TEuropean Year of fight against Exclusion and Poverty (2010)
- TEvery two years on the European Day of Disabled People a Commission progress report is due / also to be seen in relation to EU SP joint declaration of 20/01/2003 / A new edition of Commission Action Plan is foreseen in new SA.

IV. AND WHAT ABOUT ...?

1. Sustainable development
2. Trade union rights (namely in SMEs)

3. “Atypical work”: economically dependent work, homework, domestic work, etc.
4. Protection of employee data
5. EU social partners/social dialogue contribution to promoting “external dimension of employment, social policy and decent work”
6. Financial participation of workers
7. Supplementary pensions (once the European Commission presents its proposal for a Directive)

Executive Committee - October 2005

10

THE PRICE OF OIL: THE EUROPEAN UNION NEEDS TO MAKE PROVISIONS FOR THE FUTURE TO PREVENT THE MOST VULNERABLE WORKERS AND CONSUMERS FROM HAVING TO SUFFER

19-20 October 2005

1. ISSUES ASSOCIATED WITH THE RISE IN OIL PRICES

a) The price of a barrel of crude has broken the \$60 barrier, having risen sixfold since 1998. Clearly, surging oil prices reflect the present context of great geopolitical uncertainty and speculation on the oil markets, but above all they are a product of long-term structural tendencies. The first of these two factors results from the coincidence of limited output owing to a lack of investment in the capacity of production and from growing demand on the part of emerging countries, not offset by any drop in consumption in the industrialised countries. The latter is due to the fight against climate change with an eye to the 'post-Kyoto Protocol' scenario, which will inevitably force up the price of energy derived from fossil fuels (coal, oil and gas).

b) The rise in oil prices is a structural phenomenon with major social and economic fallout, and it will impact on the poorest members of the population, both in Europe and in the rest of the world. The situation in developing countries is particularly worrying, since their lower capacity for production makes their energy intensity

twice as high as that in their more industrialised counterparts. For instance, the International Energy Agency estimates that, one year down the line, a \$10 rise in the price per barrel would cost Argentina 0.4 points of its GDP and sub-Saharan Africa 3 full points.

c) Of course, the impact on Europe's economy will be less serious than the oil crises of 1973 and 1979, because those events were followed by a cycle of technological innovation geared towards improving energy efficiency, namely in industry, in cars and in the home. Thus it now takes 40.7 units of oil to constitute one unit of GDP, as against 100 in 1973. But Europe did not persevere in its efforts, for whereas back in the 1990s energy efficiency was still being improved by 1.4 % per annum, this rate has since declined, plateauing at an annual rate of only 0.5%. Short-sighted transport policies geared primarily towards promoting road transport have prompted serious congestion, which is not only placing a serious burden on the environment, but is also one factor undermining road safety.

d) Nonetheless, the impact is very real. The rise in oil prices is directly affecting the living conditions of workers, jobseekers and pensioners and could affect the poorest households' ability to heat their homes this winter. By decreasing workers' purchasing power, this trend is jeopardising what is already weak growth in Europe at a time when domestic consumption and investment are insufficiently dynamic.

e) The difficulties caused by the price of oil are intrinsically linked to the problem of climate change. The great majority of greenhouse gases emitted by the European Union derive from burning oil. And whilst in the Kyoto Protocol the Union pledged to cut its greenhouse gas emissions by 8% between now and 2012, it is currently falling well short of this target, and consequently has some serious catching up to do.

2. KEY ELEMENTS IN EUROPE'S RESPONSE

ETUC believes that the situation resulting from the high price of oil necessitates a coordinated response by the EU Member States, a raft of measures designed to rise to all these respective economic, social and environmental challenges. In ETUC's view the efforts made must focus on three key objectives:

a) Adopting immediate transitional measures

ETUC is mindful of the difficulties faced by vulnerable professions and households as a result of the rise and the instability of the price of oil and recognises the immediate need for transitional aid designed to make sure that some of the fiscal surpluses generated by the surge in oil prices find their way back to the most destitute consumers and badly affected transport companies. The oil companies that are making substantial profits from the rise in the price of oil should also make a contribution.

But such measures do not solve everything. The long-term trend of rising oil prices and the problems it causes, as much for consumers as for industry, require economic policies and energy and transport policies that are more structural.

b) Coordinating European economic policies more efficiently

ETUC is calling for consultations between the European social partners and the European Central Bank (ECB) on immediate responses to the problems caused by higher oil prices in the form of pay and monetary policy measures. If this consultation process is to guarantee sustainable economic growth within the euro zone, they must seek to avoid two pitfalls: firstly, erosion of workers' purchasing power as seen against the current backdrop of competitive wage undercutting in Europe, and secondly any rise in ECB interest rates.

Moreover, if the Member States are to become insensitive to fluctuating oil prices and capable of withstanding climate change, the European Union, Member States and companies will all have to make consistent, long-term investments in education, research and development, in furthering advances in renewable energies and their use (hybrid and electric vehicles), and in improving public transport infrastructure and energy efficiency in buildings.

ETUC is calling for more extensive harmonisation of the European energy taxes that could be channelled into an energy transition investment fund. Furthermore, ETUC is demanding the establishment of a European framework for fixing prices for the use of transport infrastructure. The aim here is to enable actual external costs to be

factored into the equation, as provided for in the 2001 White Paper entitled “European transport policy for 2010: time to decide”. Moreover, it should be possible to use some of the revenue generated by this pricing system to improve the application of labour legislation in the road transport sector.

c) Pursuing a genuine common European energy strategy, based on saving energy and diversifying our sources of energy

The European Union must set itself some ambitious goals for the development of renewable energies, which are currently underused in spite of having considerable potential. The Union needs to shift up a gear, revising its 2001 directive on the promotion of electricity from renewable energy sources in such a way as to fix binding targets in the long run for the proportion of generated power in the Member States derived from renewable energies.

Nonetheless, substituting other energies for oil would only solve half the problem of dependency and the objectives of the Kyoto Protocol. Massive efforts in improving energy efficiency need to be made, above all in transport and buildings, which respectively account for 70% and 20% of all oil consumption in Europe.

ETUC urges the Union to adopt a robust renovation programme for its social housing. This would enable energy savings, create jobs, reduce household energy bills and boost competitiveness in exports of renewable energies, a sector in which Europe is the world leader.

Furthermore, the adoption of the proposal for a directive on energy end-use efficiency and energy services has to be made a priority and impose binding specific objectives for improving energy efficiency, since this could also potentially create new jobs.

Lastly, the European Commission should intensify the Community’s assessment and step up its monitoring of the European markets for oil and gas in a bid to create greater transparency.



POSITION OF ETUC ON THE 6TH WTO MINISTERIAL CONFERENCE (13-18 December 2005, Hong Kong)

19-20 October 2005

INTRODUCTION

a) Since the ministerial conference in Singapore in 1996, little progress has been made on key issues allowing the development of fair trade based on decent work, gender equality, respect for fundamental rights, in particular the rights of workers, environmental and public health rights, social protection and access to quality public services. The Doha agenda for development was supposed to deal with sustainable development, but the social pillar, in particular decent work and core labour standards, is absent although there is a recognition, at the international level, that these form an integral part of sustainable development.

For ETUC, decent work is at the heart of our priorities and should be the key element of the cycle of trade negotiations.

For the national and international unions, the fundamental labour rights are not the privilege of the richer countries, but rather the expression of the fundamental human rights at work, and they apply to all countries, whatever their level of development. They also form shared rules in the game, which must be obeyed by the countries engaged in the liberalisation of trade so that the economic progress generated by the liberalisation of trade goes hand in hand with social progress. Moreover, the member countries of the WTO, in the statement at the ministerial conference in Singapore, renewed their commitment to observe the fundamental standards of work which are internationally recognised.

Europe, which places fundamental labour rights at the heart of its fundamental values, needs to demonstrate this in its external policy. It needs to play a more active role in the promotion of respect for

these rights at the international level, notably within the WTO, and to offer concrete support for the countries which are making serious efforts to tackle the problems linked to the non-application of the fundamental rights.

ETUC considers that the holding of the conference in Hong Kong reinforces the need for China to respect fundamental rights. This respect is an essential condition for the satisfaction of its request for the obtaining of the status of a market economy by the European Union.

b) For ETUC, the Commission mandate should be clear. Ten years after Singapore, studies of the impact of the trade negotiations on employment, working conditions and sustainable development must become systematic. These studies need to be conducted before the agreements are negotiated or concluded. The unions need to be consulted throughout the course of the study and to receive the results. It would be paradoxical if the Commission now uses this instrument for all new European regulations and at the same time fails to promote it in worldwide trade negotiations.

c) The approach proposed by the Commission for a new assessment of industrial and research policies at European level must be consistent with the EU initiatives taken in the context of the Hong Kong negotiations.

d) There is a need for more democracy in international governance. The WTO must operate in a transparent manner and cooperate positively with the United Nations agencies (ILO, WHO, FAO, UNDP, UNEP, UNESCO). The UN system must be gradually given the power of regulation and balance between international norms. This power could be exercised by a World Economic and Social Security Council.

The European Union should promote such an approach, attempting to coordinate the positions taken by Member States in the international financial and social arenas, in order to develop synergies with the European trade policy.

ETUC would like to recall that the EU has committed itself to better articulate WTO negotiations with agreements with external countries and regions (Cotonou and Mercosur, partnership agreements).

They must promote real economic and social coherence based in particular on the charter of fundamental rights adopted in Nice and a central element of the European Constitutional Treaty.

These elements were underscored by the ETUC Executive Committee in June 2004 about the Commission communication on the social dimension of globalisation and its assessment of the report of the World Commission ordered by the ILO on the same theme.

e) In the sectors which are subject to restructuring because of trade liberalisation, wage earners must be covered by adequate support measures. At European level there is an urgent need to set up the restructuring fund that the Commission proposed to create to help workers to alleviate the consequences of opening up trade.

f) A policy coherence initiative: the particularly serious problems that affect the textile and clothing sector call for short-term safeguard measures to reduce their impact. They highlight the need to adopt a policy coherence initiative in Hong Kong. Such an initiative would aim to review the impact of trade on growth, exports and employment in the textile and clothing sector, to set up a global approach to industrial and trade policy in each country where the textile and clothing sector is important, and to provide international aid for the developing countries concerned (in particular the least developed countries), if necessary.

1. AGRICULTURE

a) In many countries of the world the food security and rural employment situation has deteriorated. These are the main factors driving the massive worldwide migration of labour. It is therefore vital that trade agreements support food security rather than altering it.

b) Export subsidies: ETUC and EFFAT consider that maintaining agricultural export subsidies in the Union has a harmful effect on developing countries. That is why they call on the EU to immediately set a timetable for the total elimination of agricultural export subsidies in the Union, and to use conversion programmes to present alternative employment prospects for workers in the agricultural sector who will be affected by this measure. ETUC and EFFAT likewise

urge the Union to continue to exert pressure on the United States to eliminate all forms of agricultural export subsidy, including abusive food aid, in order to set a target date for the complete elimination of agricultural export subsidies at the Conference in Hong Kong. In addition, in the light of the importance of cotton for a number of very poor developing countries, it is imperative that all subsidies that distort the cotton trade should be dismantled as soon as possible.

c) Domestic support: The CAP reform in 2003 allowed a reduction and reorientation of other agricultural subsidies to practices more in step with sustainable rural development, quality jobs and quality products, although the working conditions in agriculture, in particular for women, are still amongst the worst in Europe. It is on this basis, which reflects the collective preferences of the Union, that the EU must negotiate at the WTO, pursuing a reduction in amber and blue box support. Green box support must not be redefined at this stage because it responds to legitimate social and environmental functions.

d) Market access: In the negotiations on the customs duty reduction formula, the Union must offer the developing countries better access to its markets, whilst ensuring that such reductions do not excessively destabilise agricultural markets and employment in Europe. These efforts must be accompanied by progress on compliance with fundamental labour standards in the developing countries, to ensure that workers in these countries benefit. In addition, it is necessary to grant the least advanced countries, which are mainly net importers of foodstuffs, the possibility of protecting their markets in order to guarantee profitable prices for their own producers and to ensure their sovereignty over food supplies.

2. NON-AGRICULTURAL MARKET ACCESS (NAMA)

a) It is essential that the sectoral dimension of the European trade policy should be more emphasised. The Lisbon strategy, which aims to make the European Union specialise in the export of high value added products and import labour intensive products, must also form part of the EU negotiating position at the WTO.

b) The European Union, which has very low or zero customs duties on industrial products of interest to the emerging countries,

must ask the latter to open up their markets to some degree to high value added, top of the range products, and to dismantle the illegal non-tariff barriers that affect these products.

c) The European Union negotiating positions at the WTO must be based on choices informed by the impact of any measure on employment, in particular sectoral employment. The Union must set up protection for its legitimately acquired competitive advantages by means of intellectual property protection agreements and by implementing anti-dumping and temporary safeguard measures.

d) Similarly, the countries of the South must have room for manoeuvre to set up legitimate national industrial development strategies. In the negotiations on the customs tariff reduction formula, the developing countries must be able to maintain higher tariffs than the developed countries, in accordance with the principle of “less than full reciprocity” expressed in the Doha Ministerial Declaration. Moreover, the least advanced countries must not be forced to consolidate their tariffs at current levels.

3. SERVICES – GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)

a) The GATS negotiations in progress are likely to undermine the universal obligations of governments to provide public services, as well as their ability to regulate them. Therefore, the terms of the GATS agreement should be amended to exclude public services (above all, education, culture, health and essential public utilities such as water, energy, postal services and telecommunications) including at sub-national levels of government, and socially beneficial service sector activities, from all further GATS negotiations. Special provisions should be incorporated horizontally and at all levels of the GATS negotiations to ensure access to universal services, at uniform and affordable prices.

b) Article XXI of the GATS agreement should be amended to include an explicit clause to enable governments to withdraw from – or diminish – their GATS commitments so that they can improve their universal services, on grounds of social or developmental need, without any risk of challenge under WTO rules that could require them to pay compensation.

c) The EU must withdraw its calls for the liberalisation of the water sector in the developing countries because they involve irreversible commitments on the part of these States, as impact studies conducted by the Commission show the potentially negative effects of international competition on employment and the provision of universal services in the least advanced countries, and the EU does not itself offer (quite rightly) to liberalise this sector within the GATS framework.

d) The “bottom-up” approach that characterises the GATS negotiations must be maintained and WTO member states cannot be forced to extend liberalisation using “benchmarks” as proposed by several countries, including the European Union.

e) ETUC welcomes the decision of the European Union not to propose the conclusion of new commitments regarding public services such as education, health and audio-visual services. It insists that this state of affairs must be maintained during the last negotiations.

f) ETUC requests that, prior to the conclusion of new international commitments to liberalise services in the context of GATS (notably mode 4, postal services, air transport and maritime transport), the European Union should:

- clarify the legislative framework of reference within the EU for the liberalisation of services in the single market (see draft directive on services in the single market);
- finalise the legislative framework for the internal market for postal services and universal service guarantees;
- draw a clear distinction between services of general interest (in particular health, education, water, energy, gas, etc.), economic services and non-economic services, for commercial or other ends, and services of a different nature;
- stipulate that the directive on worker detachment also constitutes the basis for the temporary movement of workers.

4. MODE 4 (TEMPORARY MOVEMENT OF NATURAL PERSONS)

a) The ETUC position on mode 4 largely coincides with that of the European Economic and Social Committee (EESC). In addition, ETUC has adopted a position on the European immigration policy.

b) Mode 4 concerns the temporary entry of persons into a country to provide a service. The European Commission affirms that it wishes to limit mode 4 to highly skilled workers. The EU has made commitments to four categories of temporary migrations: intra-enterprise transferees, business visitors, contract service suppliers (employees) and independent professionals. For the category of “contractual service suppliers (employees)” and “independent professionals”, it proposes to eliminate the existing economic need tests and instead set up quotas for service providers covered by this commitment. The levels of the thresholds and the modalities of their application have not yet been defined. It also proposes adding a new category of intra-company trainees.

c) Fundamentally ETUC considers that movements that take place under mode 4 constitute de facto temporary migrations. Therefore a precondition for any further widening of the field of application for mode 4 in the context of GATS is the establishment of satisfactory functional cooperation for the protection of temporary migrants’ rights between, as a minimum, the WTO and the ILO, the International Organization for Migration (IOM) and the United Nations. European governments should envisage once again ratifying the United Nations international convention on the protection of the rights of all migrant workers and members of their families, which came into force in July 2003. In addition, the EU must develop rules and practices that avoid a “brain-drain” in the developing countries.

d) ETUC calls on the EU not to widen mode 4 to semi-skilled and unskilled workers. It is true that the interests of developing countries lie mainly in the provision of unskilled labour. However, the conditions under which these migrations take place make it very difficult to defend the rights of such workers, who are therefore often very vulnerable to exploitation.

e) ETUC insists that the European Union commitments in mode 4 explicitly mention that Member States must take steps to ensure:

- protection of migrant workers against any form of discrimination and the implementation of appropriate monitoring mechanisms, inspired perhaps by the principles of ILO convention 95;
- payment of their social security and insurance contributions;

- respect for the fundamental international labour standards, national labour laws and existing collective agreements in the host country.

ETUC welcomes the fact that the amended list of EU offers stipulates, for the four categories of temporary migration, that they must comply with the laws and regulations of the Member State in question concerning access, stay, work, social security, minimum wages and collective agreements.

f) ETUC believes that the EU has taken an unjustified risk in offering to eliminate economic need tests (which verify the existence of a need for additional workers in a given sector of the market) and to replace them with quotas, before an agreement had been reached with European Union Member States on the level and modalities for the application of such quotas. In the view of ETUC, it is clear that such quotas must take into account criteria such as the labour market situation and the need for special protection in certain sectors.

g) ETUC warns of the risks of abusive use of the “independent professional” category to mask wage earners. It is vital to define this category in detail and to define the qualifications or diplomas required for this category.

h) ETUC emphasises the need to conduct an impact study on the real social and labour market consequences in host countries and countries of origin of the further liberalisation of trade in services.

i) ETUC cannot agree that the EU offer concerning mode 4 should take place without the agreement of the social partners, at both European and Member State level. It is unacceptable that the discussions between Member States and the Commission on these quotas should be conducted in great secrecy at meetings of the 133 committee.

6. TECHNICAL ASSISTANCE

Trade facilitation: ETUC believes that it is vital to provide technical assistance and to increase the capability of developing countries to improve their trading capacity, but it believes that this subject should not be covered by WTO negotiations and should not be used

to influence the negotiating positions of developing countries on other subjects. Such technical assistance should form an integral part of a more global development strategy in order to ensure that trade effectively benefits the entire population of the country concerned.

7. INTELLECTUAL PROPERTY

The Hong Kong conference should amend the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) or adopt an explanatory declaration to allow all developing countries access to medicinal products at affordable prices to confront their special medical needs, such as the treatment of HIV/AIDS, as initially proposed in the TRIPS declaration adopted in Doha.

CONCLUSION

The EU must draw up a suitable timetable, the aim of which is to bring an end to poverty and to create decent work, with reference to fundamental rights, for the development of democracy. The EU and its representatives cannot remain focused solely on trade liberalisation. The EU must pursue the initial approach of the WTO of full employment and improving the quality of life for all humanity. The ETUC delegation to Hong Kong will be operating within this framework.



HIGHER EDUCATION IN A LIFELONG LEARNING PERSPECTIVE

19-20 October 2005

In April 2005 the European Commission issued the communication “Mobilising the brainpower of Europe: enabling universities to make their full contribution to the Lisbon Strategy” (COM (2005) 152 Final) which explores how universities can contribute to the achievement of the Lisbon goals.

ETUC supports the idea that universities and other higher education institutions should play a stronger role in the Lisbon strategy. Higher education is and will be a major source of skills and competencies needed to increase economic competitiveness and welfare among European citizens. The economy and employment in Europe are already depending on innovations and higher skills and competencies, and will depend on them even more in the future.

The knowledge-based society represents new opportunities for everyone but it is important to ensure that it does not create new forms of social exclusion. Europe must construct a new culture of lifelong learning, enabling all citizens to acquire knowledge, skills and qualifications that are needed in order to handle the rapid evolution of society and the economy. Universities and other higher education institutions will be the major actors in the new culture of lifelong learning.

ETUC agrees with the basic ideas of the Commission communication, but we want to inquire more deeply into some questions than what has been done in the document.

1. A DIVERSIFIED HIGHER EDUCATION

The Commission communication systematically uses the word «universities» explaining in one footnote that it covers also polytech-

tics (les grandes écoles, Fachhochschule, yrkeshögskola). However, the spirit of the entire document is dedicated to universities while the other part of higher education - polytechnics for applied sciences and other higher education institutions - has been ignored.

ETUC recognises the need to develop excellence in European higher education, but we remind that it is not useful to expect from a large part of all students to become top-researchers. Nor can all higher education institutions provide top research. Different institutions have different tasks in society. From institutions more directed at applied science, like polytechnics, top-research can not and should not be expected. Too high expectations would endanger the appliance of science in these institutions.

ETUC stresses that also polytechnics should have a role in developing the European higher education policy. World class education and research is inevitably an important part of higher education, but at the same time a maybe even more important fruit of higher education is the deliverance to the labour market of well-educated students. The European Union, likewise, needs technical skills and qualifications deriving from higher technical education.

Considering the career development of employees in higher education institutions, more sophisticated forms of collaboration between institutions of top-research, institutions of applied sciences and the industry could be very important.

2. OPENING UP HIGHER EDUCATION TO INDUSTRY AND TO THE WHOLE SOCIETY

ETUC believes that a new approach is needed, with far-reaching reforms of education and vocational training systems to satisfy the needs of individuals, society and the economy. For higher education this is a question of opening up universities to wider society. This could be new arrangements or 'contracts' between universities and society at large.

Since higher education plays a key role in the transformation of the society from industry to knowledge based, many actors are entering the scene: not only professors and students, but also public authorities and social partners. All actors have to adjust to this new reality:

a reality with a greater number of legitimate actors representing the interests of society, wanting to give their views on and indications to the direction of the development of higher education in the future.

Research and development must be developed as a whole covering universities, polytechnics, research institutions and industry. ETUC supports the demand for national commitments to devote 3 % of GDP to research and development. Public investments are crucial when the role and quality of higher education institutions in innovation need to be improved. The role of public funding will remain crucial, and indicative of the determination of the public authorities. Furthermore, one way of developing research resources of universities is promoting the use of private investments from industry among public funding. However, attracting private investment into research must be carefully balanced with appropriate mechanisms for ensuring the academic freedom of researchers and institutions.

ETUC emphasises the importance of postgraduate training for innovation and competitiveness. Universities also need possibilities to employ researchers after they have taken their doctoral degrees. There is also a desperate need to improve the capacity to utilize results from research and development. Universities need better possibilities to be protected and to benefit from intellectual rights of research results. A major challenge in this field lies in transferring innovations to new businesses.

3. OPENING UP HIGHER EDUCATION IN A LIFELONG LEARNING PERSPECTIVE

ETUC reminds that higher competencies and skills are not only a question of higher education but also vocational training. Different levels of formal education must not be seen as opposite, but as complementary elements in lifelong learning. Europe needs to take two leaps simultaneously to raise the qualifications and skills of its work force. On an average the number of graduates from higher education is lower than in competing economies, but this is not the case in all member states. At the same time the number of non- or low-skilled workers is too high in Europe. Statistics shown in the Commission communication indicate a clear link between the educational level of the population and employment. There is also a

correlation between the educational level of the population and the GDP in western countries.

Lifelong learning is a key to achieving the EU objectives of full employment, enhanced competences, high qualifications and worker mobility, as well as a fairer distribution of income and the balance between professional and family life. ETUC believes that this calls for a new approach, with far reaching reforms of education and vocational training systems to satisfy the needs of individuals, society and the economy. For higher education this is a question of opening up universities to the wider society. This could be new arrangements or “contracts” between institutions and society at large.

The role of lifelong learning in higher education is largely missing in the Commission communication even if it should be tackled more seriously than before. Firstly learning possibilities for non-academic adults in universities must be improved. Access to training must be opened up to motivated and talented adults who did not have the chance to study in their youth and for those who come from socially and financially disadvantaged backgrounds. The opening up of higher education institutions to adults is a necessary and important way to upgrade the skills of the work force.

Secondly higher education institutions need to increase their role in continuous training of their graduates as part of improving their attractiveness among industry and working life. The task of higher education could be divided into initial and continuous training where continuous training or adult education does not only mean postgraduate education.

EU has set a target of opening up education systems to the wider world, but ETUC finds that the role of open and distance higher education is missing from the Commission’s communication. There is no mentioning of e-Learning in the communication even if the use of new technology to support traditional, open and distance learning is a highly relevant issue.

One of the most important ways for higher education institutions to contribute in the development of a knowledge-based society is initial education and continuous training of teachers. It is also be-

coming necessary to undertake an urgent examination of their living and working conditions, which have been constantly deteriorating for a number of years. Higher education institutions must take on a stronger responsibility for continuous development of the skills and competencies of teachers. Special focus must be placed on teachers' ICT skills. The level and quality of teacher training is the basis for the performance of the entire education and training in Europe.

The Commission communication presents differences in participation in higher education between North America and Europe. Many of these differences relate to differences in the higher education systems. In Europe students aim for masters degrees, but in North America shorter programmes e.g. bachelor degrees are more popular. This explains the differences in participation and in the duration of studies.

When making judgements concerning the duration of study periods one must differentiate between universities and others institutions. It is not possible to conclude in general that the study duration is overlong in Europe. Especially for future top researchers longer study duration is an intensive investment, which creates a broader basis for their skills, knowledge and competences.

4. INVEST IN HIGHER EDUCATION

ETUC shares the concern in the Commission communication that European higher education is lagging behind its competitors in investments and in access to training.

If the Lisbon strategy is to create a knowledge-based economy and to raise the educational level of society, then Europe has to invest more in this area. If higher education and top research are to be at the heart of competitiveness of Europe, governments need to invest more in education, training and research. This increase in investment could be delivered both through national and European forms of funding.

It is obvious that a closer cooperation between the industry and higher education institutions would benefit both sides, but the responsibility of funding can not be moved to the private sector. ETUC believes it is a public responsibility of governments to ensure a high

quality of and equal access to higher education. Private funding can only complement public funding.

ETUC reminds that there are different kinds of studies that seem not to be of primary interest to the industry, but which are essential for a democratic and pluralistic European society. Cultural values of higher education must also be taken into consideration.

The rate of participation in higher education of talented young people from socially disadvantaged groups is a challenge. With tuition fees member states would create even bigger obstacles to talented young people than there is nowadays. In Europe there is no evidence that tuition fees would promote better performance of institutions or students. Nor is there any evidence that tuition fees would promote a quality of provision. On the contrary, a market-based and competitive-based higher education sector may indeed hinder open knowledge-sharing between institutions, which is a crucial element in improving the quality of teaching and research.

ETUC doubts whether it is possible to find a common European model to ensure the financial resources of higher education. The need to increase private investments in higher education seems obvious, but certainly questions of tuition fees and other ways of private investment should remain at national level.

ETUC is very positive on the proposal that community funds could be used to develop performance of higher education in Europe. ETUC identifies at least two parallel needs for European funding. The first one is the development of high quality and excellence among education and research. This can also include development of new training products to meet the needs of business and working life. The second one is funding to reinforce cohesion and to rebuild or enforce structures and institutions to meet the demands of the knowledge-based economy. According to ETUC European funding should be used both for excellence and cohesion.

5. HIGH QUALITY OF HIGHER EDUCATION

World class excellence is needed in European higher education, but ETUC emphasizes the importance of evenness of good quality. The

strength of European higher education does not lay only in excellence of a few institutions but also in the high quality of the majority of institutions. ETUC stresses that policymaking must not increase the differences among universities in their financial situation. European higher education as an entity will remain as weak as are its weakest links.

Quality assurance will be more important than ever. It is needed to improve the provision of education and training. It is needed to raise the knowledge, skills and competencies of graduates. Quality assurance is needed to create mutual trust between different institutions and between higher education and work life.

6. TOWARDS A EUROPEAN HIGHER EDUCATION AREA

The «Bologna process», which aimed to establish a European higher education area, is an important and positive process. It includes in particular the adoption of a system of easily readable and comparable degrees, a system with two main cycles (undergraduate/postgraduate) and a system of credits (ECTS), the promotion of European cooperation in quality assurance and a European dimension in higher education. The social partners, which were excluded for a long time, are now more and more involved in this process.

Although internal evaluation is the cornerstone of both quality assurance and implementation at the level of the institutions, it is not enough to implement quality assurance processes with the unique purpose of improving the quality of education internally. However indispensable the quality assurance processes are, they cannot stand alone. These quality processes must be concluded by an accountable decision concerning their results, which is the role of the accreditation processes. Accreditation processes are necessary instruments in order to secure real transparency and mutual recognition of qualifications and diplomas across Europe.

The Bologna process needs to be coherent and to chime with the Maastricht declaration on the establishment of a European qualification framework. Higher education must take part in a comprehensive process of mutual recognition of qualifications and diplomas. For it is important to have a European labour market which guarantees the recognition of qualifications in order to avoid a massive 'brain

drain' of higher education graduates moving to other continents. The future «European Qualification Framework» will make it possible to offer this opportunity. It is a key element of realising the right of the free movement of people, and it is also an important aspect of European citizenship.

CONCLUSION

European universities require more cooperation between different actors and new forms of management, information, consultation and participation. The question of actors is not only a question of universities, governments and major companies. Closer cooperation with society and labour market is also needed. Stakeholders including social partners and students as well should be integrated in the governance of higher education institutions.

ETUC stresses that higher education institutions should be a major player in competitiveness and also in as promoters of equity and social cohesion among European citizens. The European challenge is to make universities serve citizens and the whole society more broadly than they do now.

Executive Committee - December 2005

THE ETUC MOBILISATION FOR CRUCIAL CHANGES TO THE DRAFT SERVICES DIRECTIVE TO PROTECT WORKERS

5-6 December 2005

The Executive Committee of the European Trade Union Confederation (ETUC) is critical of the outcome of the vote of 22 November in the European Parliament's Internal Market and Consumer Protection (IMCO) Committee on the draft Services Directive.

The majority of IMCO Committee members rejected major improvements proposed by rapporteur Evelyne Gebhardt (thus taking a step backwards from the line adopted by the EP Committee on Employment and Social Affairs). The European trade union movement believes that the current text does not secure high-level quality of services and social progress in the EU.

The ETUC notes that IMCO made some important improvements to the existing draft, for example stating that the objective of the Directive is not to deal with labour law, collective agreements and industrial action, and giving precedence to the provisions of private international law and the Posting Directive. Also it accepted that some Services of General Interest (health, in particular) should be excluded from the scope of the Directive.

ETUC calls on the plenary of the EP to make some further changes in the Services Directive, in particular:

- Stronger and unambiguous language in the Directive, ensuring that it will in no way interfere with labour law, collective bargaining and industrial relations in Member States, and explicitly referring to the respect for fundamental rights in this regard, such as the right to take industrial action.

- The exercise of a service activity should be regulated by the law of the country where the service is provided or carried out. The ETUC maintains that necessary harmonisation upwards has first to be achieved before any *Country of origin principle* (CoOP) could be applied. Other solutions carry a risk of downward regulatory competition between Member States, which the ETUC cannot accept.
- The host country must be entitled to impose supervisory measures for all services provided on its territory. The amendments adopted by IMCO take a step in that direction, but cover only a few sectors. *Supervision* in the host country must cover all sectors. Member States need also to be able to impose *prior declarations*, notifications on foreign service providers and to oblige them to have a representative in the host country. For all these reasons articles 24 and 25 should be deleted.
- Certain *sensitive sectors* such as temporary work agencies and private security services should be excluded from the directive, and be dealt with in separate EU instruments, to provide for minimum standards at EU level (such as the draft Temporary Agency Directive). The amendments adopted by IMCO will put the operations of those services, apart from employment contracts and labour law provisions, under the regulations of the country of origin.
- All *services of general interest*, economic or non-economic, need to be excluded from the scope of the directive.

For the ETUC, competition is not an aim in itself. It is only good if it improves the quality of life of European citizens. Therefore Member States should be able to maintain high protection for their workers, the consumers and the environment.

The ETUC will maintain its campaign to obtain the necessary changes to the Services Directive for the benefit of all European workers and citizens.

The ETUC asks all affiliated organisations to join in the demonstration to be organised in Strasbourg before the vote in EP plenary at the beginning of 2006. The ETUC again strongly warns politicians that, if the European project is to be supported by workers and citizens, Europe has to put a halt to blind deregulation and must do everything possible to achieve social progress.

5-6 December 2005

I INTRODUCTION AND OVERVIEW 2005

i) The socio-economic context

The economic background to collective bargaining remains difficult in 2005, as in previous years. The resumption in growth has faltered once again, and the forecasts for 2006 give no indication of a return to a satisfactory growth rate either. Faced with a European framework that prevents them from properly pursuing macro-economic policies, is overly reliant on an upturn led by exports to the rest of the world and underrates the importance of domestic demand, many Member States have chosen the easy way out, i.e. to exert greater pressure on workers in a bid to prompt greater wage moderation and greater flexibility on the labour market and in working time.

ii) Wage bargaining developments in 2005

Despite this difficult economic background, the pressure exerted by some governments and the blackmailing tactics used by some employers (demanding wage cuts in exchange for not relocating their production), the unions have tried to curb the slow-down in wage increases. Most unions have secured above-inflation wage increases, thereby avoiding a decrease in the purchasing power of wages (see the report in annex). The new Member States are seeing more dynamic wage increases as a result of their need to make up for lost time. Moreover, in some of the new Member States wage formation structures are being bolstered (law on minimum wage rises in Poland, structural development of sectoral bargaining in Hungary, etc.). Nonetheless - and this is true of almost all countries - much remains to be done to ensure that the wages negotiated using ETUC's

coordination formula (stable inflation plus productivity) effectively support Europe's domestic demand. In the euro zone in particular, average wage rises within the collective bargaining process have continued to slow down and are barely managing to offset inflation. Nevertheless, despite this difficult framework of reference, a number of unions have also met the challenge of change by concluding agreements that aim to enhance the quality of workers' rights, in particular in the fields of training, safety and achieving a decent work-life balance.

In this context, based on the answers received in the context of the questionnaire, we note that:

- In several countries the trade union initiative was finalised to underpin the importance of training in general and lifelong learning in particular. But in the past training was only reflected in actual collectively negotiated solutions in a limited number of countries. In this context the recent EMF initiative to support a joint European demand on this topic constituted an important development.
- Gender equality and a policy of non-discrimination were considered important everywhere, but the results achieved through collective bargaining are still extremely inconsistent. Nonetheless, it ought to be pointed out that in some countries significant agreements have been concluded and cover wage parity and/or improved maternity protection (examples of such agreements have been concluded in the Czech Republic, France, Denmark, Belgium, Germany and Austria). There are still positive experiences regarding bargaining on working hours in the context of gender equality. All these agreements should constitute a framework of reference for improving our initiative on this ETUC strategic priority everywhere. As in the Executive Committee resolution in 2004, we are once again calling upon all the bodies in question to draw up consistent initiatives in national and sectoral collective bargaining and when reviewing systems of classification and evaluation. It is also important to make use of the results of the Action Framework for Gender Equality in the context of European social dialogue, in which wage parity constitutes a fundamental point for discussion. The same commitment has to be made with respect to young workers.

- In several countries the employers' associations are still pushing for the decentralisation of collective bargaining and/or for the further spread of agreed exceptions. In this connection we should stress the value of actions taken in response, like the recent action in Germany. As the Executive Committee has already done in the past, we confirm our categorical opposition to any legislation interfering with the structure of collective bargaining that would call into question the very autonomy of the social partners. We emphasise that only the social partners can decide on any changes in the contractual links arising within the context of collective agreements.

II. ETUC GUIDELINES FOR COORDINATING COLLECTIVE BARGAINING IN 2006

i) Wage negotiations: reaffirm the relevance of the ETUC guidelines

With the 2006 economic growth rate forecast at 1.5 %, the scenario of mediocre growth looks set to continue next year. Apart from a lack of confidence and poor domestic growth, high oil prices are also responsible for this new downturn in growth in 2005 and for the weak revival forecast for 2006. At the same time, the rise in oil prices is temporarily fuelling inflation, to which the Central European Bank is continuing to react in an entirely traditional manner, pursuing a policy based on raising interest rates, but without supporting the revival of growth.

Against this backdrop, ETUC highlights the relevance of collective bargaining based on the promotion of the general criteria of inflation and productivity, leading to greater purchasing power for wage earners and prompting stronger growth and domestic demand.

ii) Working time

The pressure imposed by the employers and some governments to wrest greater general flexibility is growing all the time. The classic justification for this invokes factors such as constantly growing market fluctuations, trade globalisation and more intense restructuring, relocation and merger activities. ETUC knows that for the employers the deregulation of job protection has become a political leitmotif.

ETUC notes that after calling loudly back in the summer of 2004 for an increase in working time, today the employers are exerting pressure to secure greater margins of flexibility, if possible so without engaging in collective bargaining. We reiterate our firm opposition to the dogmatic prolongation of working time. ETUC does not reject flexibility for all that it constitutes a bargaining issue. Negotiating labour schemes is the only real solution if we intend to try and secure a balance and reconcile companies' needs for flexibility with workers' demands regarding their domestic and professional lives. This is the price to pay for the quality of work envisaged in the Lisbon Strategy. Consequently, the revision of the working time directive is becoming increasingly urgent, since it could curb dispensations from Community legislation, which are seen as the only way of meeting company requirements.

iii) Qualitative elements: Combating excessive flexibility, precarious work and wage inequalities

The number of workers in precarious jobs in Europe is becoming worryingly high, a claim borne out by constantly rising proportions of fixed-term work (13 %) and workers on low wages (15 %). Part-time work, which in some countries rather than being a choice remains precarious, represents 17% of the overall labour force. Furthermore, the figures indicate an upward trend in the number of bogus self-employed (almost 23 million), two-thirds of whom may be classed as dependent workers, but who have no contractual cover and no social protection worthy of the name. In addition, there are over 20 million unemployed people on the European labour market.

In many instances, these 'minimal' job statuses are presented as a step into the labour market on the way to a better-paid job. Nothing could be further from the truth. On the contrary, such low statuses often end up trapping workers in precarious jobs. For the workers affected, the lack of security and financial leeway ends up prompting them to take on several jobs within one or more companies, thereby making them put in excessive hours. These workers have no access to training and therefore no prospects of finding a way out of their precarious situation. Thus, even after seven years, the majority of workers on low wages (56%) find themselves in another badly paid job or simply stop working altogether. It is also

important to note that women and young people are more affected by such precarious job statuses.

- In view of this situation, ETUC calls on its members to pay particular attention during the 2006 collective bargaining round to curbing or offsetting the phenomenon of excessive labour market flexibility. In particular, ETUC asks its members to:
- Identify the problems of excessive flexibility and precarious work in each country;
- make this problem a central theme of their collective bargaining with a view to seeing how collective agreements can limit excessive flexibility and how adjustments can be made to balance flexibility with security;
- ensure that in any event the 2006 collective bargaining round tackles gender inequality, which persists in spite of rules and regulations to the contrary, and the situation of poor workers. Collective bargaining must attempt to guarantee all workers the right to receive training, in particular low-skilled workers and those in precarious jobs.
- The right to undergo training to boost workers' skills is a key point for supporting our strategy designed to facilitate access to employment and job quality. Consequently, it must constitute a focal point of our initiative at every level, i.e. be at the heart of sectoral and confederal European social dialogue and also a core element in any national trade union initiative. The recent initiative by EMF, which called for a joint European demand that a right to at least five days' training per worker per annum, paid for by the employers, should be included in collective agreements, may serve as a general reference point that we endorse and for which we ask all the member organisations to assess the conditions for supporting similar initiatives.

A meticulous follow-up must also be guaranteed, like the one in place at ETUC. ETUC would therefore ask its members to submit a document to the collective bargaining coordination committee in May 2006, setting out the situations of excessive flexibility on the labour market in their country as well as the strategies devised by unions to rectify these situations.

ETUC is also keen to stress that another way of tackling the issue of excessive flexibility is through the national reform plans linked to the new Lisbon process. For this reason, ETUC will endeavour to establish links between the collective bargaining coordination committee and these aspects of the national reform plans.

III A EUROPEAN FRAMEWORK FOR CROSS-BORDER BARGAINING: PRELIMINARY GUIDELINES FOR AN ETUC POSITION

In the Social Agenda 2005-2010, the Commission stated its intention to create an optional European framework for transnational collective bargaining. To this end, a group of experts consisting of labour law jurists and university academics was formed in April 2005 with a view to cataloguing the existing agreements and providing some preliminary ideas for consideration, particularly regarding the legal aspects. At the end of September 2005, this group of experts submitted its report to the Commission, which announced that it will be producing a document on the subject of which social partner consultation will begin early next year.

The Commission's initiative aims to supplement the structure of European social dialogue, on the basis of Articles 138 and 139 of the Treaty. The current social dialogue framework is structured around two levels: cross-industry and sectoral. This initiative will supposedly be complemented by social dialogue at company level.

At this point we should make a number of observations:

- We should bear in mind that the increased development of transnational activity by multinational groups and ongoing delocalisation and merger operations at transnational level have so far taken place outside an effective bargaining power or framework;
- however, if an agreement is concluded anyway, it will have no legal value and there would thus be no prospect of sanctions and no recourse if the employer concerned failed to implement or respect it;
- most of the agreements already signed deal with subjects linked to workers' rights, such as health and safety, training and anti-discrimination standards and/or more general prin-

principles such as respect for the environment and issues related to CSR. Having said that, some agreements were signed with the aim of countering transnational restructuring processes, a phenomenon that is sure to expand in the future.

For these reasons ETUC believes that this Commission initiative meets an undeniable need and must figure within a consistent framework that strengthens and regulates industrial relations at European level with an eye to bolstering the European social dialogue.

ETUC acknowledges the relevance of the Commission's initiative, but also regrets the working method it adopted in this connection.

ETUC cannot agree to see the analysis of the problem being entrusted mainly to a group of experts who, though no doubt competent, whatever their knowledge do not belong to the world of the social partners. Bargaining is the 'core business' of the social partners in all the EU Member States. ETUC regrets that the social partners, the importance of whose role has been underlined by the Commission on several occasions, were not invited to present their vision of a European framework for cross-border collective bargaining before taking any other initiative.

ETUC also deplores UNICE's opposition to this initiative, especially since the arguments it puts forward are inconsistent with the dynamics of the European social dialogue: In actual fact, UNICE refers to the fact that collective bargaining should be undertaken exclusively at national level without playing any role at cross-border level. Amongst other things, this stance denies the social consequences of company mobility as well as the reality of the creation of the internal market. It is also incompatible with the ambitions that autonomous European social dialogue ought to have, as demanded in Laeken in 2001.

On the other hand, ETUC believes that a framework of reference may be useful, though the criteria envisaged for its implementation and efficiency must be clear and precise.

In this respect, there are many problems that need to be raised in advance and thoroughly dealt with before the framework is implemented. These problems include the following:

- validation standards for transnational agreements, their binding character, and extension thereof, which will necessitate an appropriate legal framework within the European standards system;
- possible sanctions and means of recourse;
- the Court of Justice's specialisation in the field of labour law;
- actions intended to deal with potential conflicts of interest during bargaining or the implementation of concluded agreements;
- the question of the hierarchy of standards negotiated at cross-border level amongst the various contractual levels.

ETUC is now in a position to pinpoint several key aspects of this framework:

1. The first relates to the negotiating mandate and the right to sign transnational agreements. The power to do this must remain solely and strictly a trade union right, owing to their representativeness, long recognised by the Commission, which also specified as much in a text. Transnational agreements as such must be left up to collectively responsible and thus players with a mandate to represent their members. Trade union organisations are recognised to be representative due to the fact that they undertake collective representation, and this has legal ramifications. If this power were transferred to company level today, it would threaten to lead to the fragmentation of collective bargaining to the detriment of the unions. EWCs, which we stress were only given powers of information and consultation, are not appropriate bodies for negotiations given the current state of the legislation. Moreover, the powers of information and consultation are so weak that we are insisting they be improved via a review of the directive in question. In addition, introducing a possibility of cross-border bargaining must not be allowed to become a pretext for stepping up the current trend towards greater individualisation in company-level bargaining.

2. The second fundamental point resides in the response to be made to the fact that this new level must fit in the existing structure of collective agreements negotiated at various levels, but without changing or interfering with national powers and responsibilities. In our opinion, this level should add to and enrich the overall framework of negotiation available to the social partners at all levels.

3. **As regards the third point**, concluded agreements must not be allowed to adopt the lowest common denominator from clauses already negotiated in collective agreements or national legislation. Therefore, enforcement of the 'non-regression' clause must be clearly specified: cross-border bargaining highlighted by the Commission cannot be allowed to weaken acquired rights and undermine the protection of the workers.

IV. PRACTICAL ASPECTS OF A TRADE UNION STRATEGY TO PROVIDE EXAMPLES OF GOOD PRACTICES

National collective bargaining is increasingly taking place in a European context. What happens in one country is; increasingly being influenced by the collective agreements and government measures in place in other countries. Employers are already using this fact to turn up the pressure, referring to the practices stipulated in the collective agreements in key countries. In view of this situation, ETUC has pledged to develop its own information and communication strategy in a bid to prevent the circulation of false information and to enable the member organisations to define proactive strategies faced with national employers' organisations and governments.

The aim is to provide all its members with authentic information as well as provide them with the texts of the most important agreements.

In order to implement this strategy, ETUC, in collaboration with polling organisations linked to the trade union movement, will publish and distribute a newsletter every two months that will describe the latest bargaining trends in the different countries. A page will also be created on the ETUC website containing old and recent statistics on collective bargaining.

ANNEX:

THE COORDINATION OF COLLECTIVE BARGAINING IN EUROPE : ANNUAL REPORT FOR 2005

Maarten Keune, Senior Researcher European Trade Union Institute

1. INTRODUCTION

Exchange of information on the practices and outcomes of collective bargaining and wage formation is of ever greater interest to trade unions in Europe on account of ongoing economic integration. Increasingly they use such information as a reference to develop their bargaining strategies in their own countries and to coordinate it with developments elsewhere. It enables them to deal better with the increasing economic integration of Europe and to learn lessons from their colleagues in other countries. In some cases it also helps them to argue against employer and government strategies when they refer to developments abroad in support of their demands at home. All in all, such information allows trade unionists to cope more effectively with issues like competitive wage dumping, sectoral bargaining, collective bargaining in multinationals, etc.

This report provides information on collective bargaining around Europe, focusing on the period 2002-2005. By and large, the report presents the answers given by national trade unions from 23 European countries to a questionnaire enquiring about wage developments, wage expectations and a number of qualitative aspects of collective bargaining. It also uses other data sources to complete the picture. The report aims to provide the European Trade Union Confederation (ETUC), as well as national and sectoral trade unions, with some of the information required to strengthen their knowledge of bargaining practices and outcomes in Europe, and to facilitate the European coordination of collective bargaining.

2. THE BARGAINING CONTEXT: SLOW GROWTH AND HIGH UNEMPLOYMENT.

In the past four years, the context for collective bargaining in Europe has been, above all, one of low economic growth. In the period

2002-2005, the economy of the EU25 grew by 1.5 percent per year (Table 1) and the present year of 2005 is forecast to produce exactly this figure. This means that, although growth picked up somewhat in 2004, it has decelerated again in 2005. Examining the data in more detail, however, a division between two groups of countries can be observed. In 2002-2005 average growth was below 2 percent for nine countries, while it was at 3 percent or higher for 15 countries. The group with slow growth consists of eight countries of the EU15 and Malta. Growth has been particularly slow in Germany, Italy, the Netherlands and Portugal, and it is their weak performance that brings down the EU25 average. One important feature to notice is that in 2005 the UK too has fallen into the group of slow growers. Hence, in this year all four major European economies show a weak performance.

Table 1 : GDP growth in Europe, 2002-2005.					
	2002	2003	2004	2005 ^(f)	Average
EU (25 countries)	1.1	1.1	2.4	1.5	1.5
Austria	1.0	1.4	2.4	1.7	1.6
Belgium	1.5	0.9	2.6	1.4	1.6
Bulgaria	4.9	4.5	5.6	6.0	5.3
Cyprus	2.1	1.9	3.8	3.9	2.9
Czech Republic	1.5	3.2	4.4	4.8	3.5
Denmark	0.5	0.6	2.1	2.7	1.5
Estonia	7.2	6.7	7.8	8.4	7.5
Finland	2.2	2.4	3.6	1.9	2.5
France	1.2	0.8	2.3	1.5	1.5
Germany	0.1	-0.2	1.6	0.8	0.6
Greece	3.8	4.6	4.7	3.5	4.2
Hungary	5.1	3.4	4.6	3.7	4.2
Iceland	-1.3	3.6	6.2	6.2	3.7
Ireland	6.1	4.4	4.5	4.4	4.9
Italy	0.4	0.3	1.2	0.2	0.5
Latvia	6.4	7.2	8.3	9.1	7.8
Lithuania	6.8	10.5	7.0	7.0	7.8

Luxembourg	2.5	2.9	4.5	4.2	3.5
Malta	0.8	-1.9	0.4	0.8	0.0
Netherlands	0.1	-0.1	1.7	0.5	0.6
Norway	1.1	0.4	2.9	3.9	2.1
Poland	1.4	3.8	5.3	3.4	3.5
Portugal	0.5	-1.2	1.2	0.4	0.2
Romania	5.0	4.9	8.3	5.2	5.9
Slovakia	4.6	4.5	5.5	5.1	4.9
Slovenia	3.5	2.7	4.2	3.8	3.6
Spain	2.7	2.9	3.1	3.4	3.0
Sweden	2.0	1.5	3.6	2.5	2.4
United Kingdom	2.0	2.5	3.2	1.6	2.3
(f): forecast					
Source: Eurostat					

The group with high growth consists first of all of the European Union's new member states (NMS) from Eastern Europe as well as candidates Bulgaria and Romania. It also includes four countries of the EU15 (Greece, Ireland, Luxembourg and Spain) as well as Iceland. From the composition of the two groups it can be concluded that these differences point towards some closing of the gap between the richer and poorer countries in Europe. Differences within Europe remain high, however, and there is still a clear divide between new and old EU member states (Table 2).

Table 2: Gross domestic product per head of population, 2005 (EURO)	
Bulgaria	2,738
Romania	3,611
Latvia	5,259
Lithuania	5,843
Poland	6,080
Slovakia	6,864
Estonia	7,631
Hungary	8,710

Czech Republic	9,690
Malta	10,930
Portugal	13,800
Slovenia	13,890
Greece	16,180
Cyprus	17,980
Spain	21,030
EU-25	23,290
Italy	23,680
Germany	27,240
France	27,310
Belgium	28,710
Finland	29,260
United Kingdom	29,390
Austria	29,790
Netherlands	30,350
Sweden	31,490
Denmark	38,030
Ireland	38,600
Iceland	40,920
Norway	50,210
Luxembourg	59,470
Source: AMECO database	

The differences in economic growth are reflected in the development of productivity (Table 3). Productivity growth is highest in the new member states and candidate Romania. In 4 countries productivity growth remains below 1 percent over the four year period. Particularly striking developments are the negative productivity growth in Italy in 2005 and the virtual stagnation of productivity in Portugal and Spain.

Table 3: Productivity growth (% per hour or per head)*					
	2002	2003	2004	2005	Average
Austria	1.2	1.2	2.2	1.3	1.5
Belgium	1.7	2.2	1.5	-	1.8
Bulgaria	4.5	-1.7	3.3	-	2.0
Czech Republic	0.2	3.7	5.0	-	3.0
Denmark	0.8	2.5	2.9	-	2.1
Estonia	5.8	5.0	7.3	5.7	6.0
France	3.3	1.1	1.6	-	2.0
Germany	1.5	1.2	0.9	1.2	1.2
Hungary	3.3	3.0	3.3	9.1	4.7
Iceland	-2.9	3.7	3.9	4.9	2.4
Ireland	5.0	2.0	3.0	1.0	2.8
Italy	-0.7	-0.3	0.5	-0.6	-0.3
Luxembourg	-0.5	1.1	1.9	-	0.8
Netherlands	0.6	0.8	3.5	1.8	1.7
Norway	1.9	1.4	0.9	-	1.4
Poland	5.2	5.2	5.5	-	5.3
Portugal	0.0	0.0	1.1	-	0.4
Romania	9.7	12.1	10.0	13.3	11.3
Slovakia	4.3	3.4	5.7	2.8	4.1
Slovenia	3.9	2.5	4.5	3.4	3.6
Spain	0.3	0.4	0.4	-	0.4
Sweden	4.5	3.7	3.7	2.5	3.6
Switzerland	0.6	0.8	2.3	1.3	1.3
UK	1.3	1.9	2.7	1.0	1.7
* Per hour: Austria, Belgium, Czech Republic, Denmark, Germany, Ireland, Norway, Sweden, Switzerland, UK. Source: ETUC questionnaire 2005					

Apart from slow average growth, Europe also continues to suffer from high unemployment, amounting to 9 percent in the past two years (Table 4). Indeed, high unemployment seems to have become a

structural feature of the European labour market but, here once again, a wide diversity can be observed. Above average unemployment can be observed in some of the biggest EU members (Germany, France, Spain) as well as in several of the new member states (the three Baltic countries, Poland and Slovakia) and candidate Bulgaria.

Table 4: unemployment in Europe (%)			
	2002	2003	2004
EU (25 countries)	8.7	9.0	9.0
Austria	4.2	4.3	4.8
Belgium	7.3	8.0	7.9
Bulgaria	17.8	13.6	11.7
Cyprus	3.9	4.5	5.2
Czech Republic	7.3	7.8	8.3
Denmark	4.6	5.6	5.4
Estonia	9.5	10.2	9.2
Finland	9.1	9.0	8.8
France	8.9	9.5	9.6
Germany	8.2	9.0	9.5
Greece	10.3	9.7	10.5
Hungary	5.6	5.8	6.0
Ireland	4.3	4.6	4.5
Italy	8.6	8.4	8.0
Latvia	12.6	10.4	9.8
Lithuania	13.5	12.7	10.9
Luxembourg	2.8	3.7	4.8
Malta	7.7	8.0	7.6
Netherlands	2.8	3.7	4.6
Norway	3.9	4.5	4.4
Poland	19.8	19.2	18.8
Portugal	5.0	6.3	6.7
Romania	7.5	6.8	7.6

Slovakia	18.7	17.5	18.2
Slovenia	6.1	6.5	6.0
Spain	11.5	11.5	11.0
Sweden	4.9	5.6	6.3
United Kingdom	5.1	4.9	4.7
Note: data refer to unemployed persons as a percentage of the labour force, age group 15-74. Source: Eurostat			

Where inflation is concerned, this has overall been reasonably stable in Europe (Table 5). In the majority of countries it remains below an average of 3 percent yearly over the 2002-2005 period. The highest inflation occurs in some of the new member states (Hungary, Slovakia and Slovenia) and candidates Bulgaria and Romania. In 2005, in the UK in particular, inflation has been rising strongly compared to the previous year, while it has increased to 3.3 percent in Euro member Spain. Only 7 countries remain below the 2 percent threshold, including only 3 Euro members (Germany, France and the Netherlands).

Table 5: Inflation in Europe (%)					
	2002	2003	2004	2005	Average
Austria	1.8	1.3	2.1	2.4	1.9
Belgium	1.8	1.5	2.1	2.5	2.0
Bulgaria	5.8	2.3	6.1	5.0	4.8
Czech Republic	1.8	0.1	2.8	1.8	1.6
Denmark	2.1	2.1	1.2	1.7	1.8
Estonia	3.6	1.4	3.0	3.5	2.9
France	2.0	2.1	2.1	1.8	2.0
Germany	1.4	1.0	1.7	1.9	1.5
Hungary	5.3	4.7	6.5	3.7	5.1
Iceland	4.8	2.1	3.2	4.0	3.5
Ireland	4.6	3.5	2.2	2.4	3.2
Italy	2.3	2.5	2.2	2.2	2.3
Luxembourg	2.1	2.0	2.2	2.3	2.2

Netherlands	3.3	2.1	1.2	1.6	2.1
Norway	1.3	2.5	0.4	1.5	1.4
Poland	1.9	0.8	3.5	3.0	2.3
Portugal	3.6	3.2	2.4	2.3	2.9
Romania	17.8	14.1	9	7.5	12.1
Slovakia	3.3	8.5	7.7	3.5	5.8
Slovenia	7.5	5.6	3.3	2.5	4.7
Spain	3.1	3.0	3.0	3.3	3.1
Sweden	2.2	1.9	0.4	0.5	1.3
Switzerland	0.6	0.6	0.8	1.1	1.0
UK	1.3	1.4	1.3	2.1	1.5
Sources: ETUC Questionnaire 2005, Consensus forecasts October 2005.					

Hence, overall, the context for collective bargaining is characterised by slow GDP and productivity growth, high unemployment and fairly stable inflation. At the same time, major differences between individual countries are to be found with regard to all these indicators.

3. COLLECTIVE BARGAINING ON WAGES

Within the above-described context, collective bargaining on wages has been a difficult process for trade unions. Slow economic and productivity growth and/or high unemployment have limited the possibilities for trade unions to strive for high wage increases. On the contrary, unions have in most countries been under tremendous pressure from employers and often also governments to engage in wage moderation and to reduce wage demands. On the employer side, international competition has been the main argument in the call for wage moderation or even an actual reduction in wages, in particular in a number of the old member states. Employers increasingly argue that because of strengthening international competition a reduction in labour costs is required, and often use the threat of relocation to lower-wage countries as a means of putting pressure on unions in wage negotiations.

As a result, the real value of wages agreed in collective agreements has been under considerable pressure (Table 6). Indeed, in the period 2002-2005, in only 7 of the 21 countries represented in the table was the average yearly wage increase resulting from collective bargaining above 1 percent, while in Luxembourg and Slovenia this average was actually negative.

Table 6: Real average increase in gross monthly wage resulting from collective bargaining (%)					
	2002	2003	2004	2005	Average
Austria	0.7	0.8	-0.1	-0.2	0.3
Belgium	2.0	0.3	0.3	-0.4	0.6
Czech Republic	3.4	4.0	1.0	2.1	2.6
Denmark	0.4	0.4	1.6	0.8	0.8
France	-	0.9	0.9	-	0.9
Germany	1.3	1.5	0.3	-0.3	0.7
Hungary	4.8	3.5	1.5	2.3	3.0
Iceland	-0.8	2.0	1.1	-1.0	0.3
Ireland	0.8	2.3	3.0	2.3	2.1
Italy	-0.2	-0.3	0.7	1.3	0.4
Netherlands	0.2	0.6	0.3	-0.8	0.1
Norway	3.7	1.0	3.2	2.0	2.5
Poland	-	2.2	-0.3	1.5	1.1
Portugal	0.0	-0.2	0.5	0.4	0.2
Slovakia	14	-2.0	-0.8	2.3	3.4
Slovenia	-1.8	-0.9	-0.1	0.2	-0.7
Spain	0.0	0.5	0.0	-0.4	0.0
Sweden	0.2	0.3	1.4	1.5	0.9
Switzerland	1.9	0.8	0.3	0.3	0.8
UK	1.4	1.6	1.7	0.9	1.4
* Wages from collective bargaining for 2004-5 refer only to MSZOSZ agreements.					
** Manufacturing.					
Sources: ETUC Questionnaire 2005, Consensus Forecasts October 2005					

Moreover, there is a clear downward trend. Whereas in 2002 and 2003 there were 4 countries where collectively agreed wages showed a negative trend, by 2005 this applies to 7 countries. Over the last three years, this downward trend is most apparent in Austria, Belgium, Germany, Iceland, Luxembourg, the Netherlands, and Spain, resulting in all these countries in a negative development of collectively agreed wages in 2005.

However, collectively agreed wages do not present the whole picture. In many countries an important proportion of employees are not covered by collective agreements, while for those that are covered collectively agreed wages are often not the final wages they receive. Final wages can be higher, because of positive wage drift or when collectively agreed wages do not include certain wage elements, but they can also be lower as a result of negative wage drift. In most countries, over the period 2002-2005, total real wage growth was equal to or higher than collectively agreed wages (Table 7). There are four exceptions to this, however, as in Germany, Slovakia, Switzerland and the UK total wage growth was below that of collectively agreed wages. Especially in Germany this reflects negative wage drift, leading this to be the only country with, on average, a negative total real wage growth over the four-year period. This average is the result of a declining trend in Germany, where negative real wage growth is a phenomenon of the last two years.

When considering individual years, it also becomes apparent that there is a declining trend in effective wage growth. While in 2002 there was no country with negative real wage growth, in 2003 this concerned one country, and in 2004 and 2005 three countries. Also, the (unweighted) average of wage growth in 2002 amounted to 3.1 percent, falling to 1.7 in 2005.

In the present year 2005, only three countries show wage growth above 3 percent, while in six countries growth remains below 1 percent. Wage growth is again highest in some of the new member states (Czech Republic, Hungary) and in candidate Bulgaria. However, not all new member states are performing well: in Slovakia wage growth remains below one percent and in Poland it reaches only 1.5 percent.

Table 7: Real average wage growth (%)					
	2002	2003	2004	2005	Average
Austria	0.4	0.6	0.0	0.3	0.3
Belgium	2.4	1.2	0.4	-0.3	0.9
Bulgaria	1.5	3.8	4.2	4.7	3.6
Czech Republic	5.5	6.5	3.8	4.5	5.1
Denmark	1.6	1.5	1.9	-	1.7
Estonia	8.3	9.3	4.7	-	7.4
France	1.5	0.6	0.9	1.1	1.0
Germany	0.7	0.6	-1.5	-1.1	-0.3
Hungary	13.0	7.3	-0.4	7.2	6.7
Iceland	2.2	3.5	1.5	1.8	2.3
Ireland	0.8	2.3	3.0	2.3	2.1
Italy	0.3	0.8	0.8	1.5	0.9
Netherlands	3.3	1.7	1.3	-0.3	1.5
Norway	4.4	2.0	3.1	2.0	2.9
Poland	1.6	2.4	0.5	1.5	1.5
Portugal	2.0	-0.2	0.8	-	0.9
Slovakia	13.9	-5.5	-0.6	0.7	2.1
Slovenia	2.1	2.7	2.4	2.3	2.4
Spain	1.0	1.3	0.6	2.5	1.4
Sweden	1.7	3.1	3.1	2.6	2.6
Switzerland	1.2	0.8	0.1	0.3	0.4
UK	0.3	0.5	0.3	1.1	0.6

¹ Per hour: Austria, Belgium, Estonia, Germany, Iceland, Ireland, Norway, Slovakia, Spain, Sweden, Switzerland, UK
Sources: ETUC questionnaires 2004/2005, Consensus Forecasts October 2005, German Federal Statistical Office.

Finally, it is of interest here to compare wage growth with productivity developments. This allows for an evaluation of the extent to which collective bargaining in the European countries conforms to the collective bargaining guideline of the ETUC. In the year 2000, the ETUC adopted a resolution on the coordination of collective bargaining, arguing that, over the medium term, nominal

wages increases should at the very least compensate for inflation. In addition, wage increases should also reflect the greater part of productivity growth, with the remaining margin being used for qualitative improvements in working conditions.

Above, it was already shown that in some countries, in particular Germany, wage growth does not even compensate for inflation in certain years. Table 8 shows to what extent real wage growth compensates for productivity improvements. A negative score in the table means that real wage growth remains below productivity growth and vice versa.

Table 8: Real wage growth minus productivity growth*					
	2002	2003	2004	2005	Average
Austria	-0.8	-0.6	-2.2	-1.0	-1.2
Belgium	0.7	-1.0	-1.1	-	-0.9
Bulgaria	-3.0	5.5	0.9	-	1.6
France	-1.8	-0.5	-0.7	-	-1.0
Germany	-0.8	-0.6	-2.4	-2.3	-1.5
Hungary	9.7	4.3	-3.7	-1.9	2.0
Iceland	5.1	-0.2	-2.4	-3.1	-0.1
Ireland	-4.2	0.3	0.0	1.3	-0.7
Italy	1.0	1.1	0.3	2.1	1.2
Netherlands	2.7	0.9	-2.2	-2.1	-0.2
Norway	2.5	0.6	2.2	-	1.5
Poland	-3.6	-2.8	-5.0	-	-3.8
Portugal	2.0	-0.2	-0.3	-	0.5
Slovakia	9.6	-8.9	-6.3	-2.1	-2.0
Slovenia	-1.8	0.2	-2.1	-1.1	-1.2
Spain	0.7	0.9	0.2	-	1.0
Sweden	-2.8	-0.6	-0.6	0.1	-1.0
Switzerland	0.6	0.0	-2.2	-1.0	-0.9
UK	-1.0	-1.4	-2.4	0.1	-1.1

In some countries wage and productivity growth is calculated per hour, in others per head. Per hour corresponds to Austria, Belgium, Germany, Ireland, Norway, Sweden, Switzerland, UK.
Sources: ETUC questionnaire 2005; Consensus Forecasts October 2005, German Federal Statistical Office.

In most European countries (14 out of 20 countries represented in the table), over the four-year period, real wage growth remains below productivity growth. In only three countries (Bulgaria, Hungary and Norway) did wage growth outperform productivity growth by 1.5 percent or more. Over these four years there were also three countries (Germany, Poland and Slovakia) where real wages trailed productivity by 1.5 percent or more. In these countries, workers have most difficulties in getting their productivity improvements translated into wage increases.

A further striking aspect is the development over time. In 2002, in 9 countries real wages trailed productivity growth. In 2004, this already applied to 16 countries and, in 2005, of the countries for which data are available, wages have been growing more than productivity in only 2 countries. Also, in 2004, real wages trail productivity growth by 1.5 percent or more in no less than 10 countries, compared to 5 countries in 2002.

Hence, most European countries conform to the ETUC guideline to the extent that, on average, over the four-year period, wage growth compensates for inflation, with the exception of Germany, where real wage growth is negative over this period. However, real wage growth remains clearly below productivity growth in most countries. Most recently though, as mentioned above, in 2005 there are 4 countries with negative real wage growth and only 2 where real wages outperform productivity.

Wage developments are not the same in the public and private sector. In most countries, in the period 2002-2005, average annual wage growth was higher in the public sector than in the private sector (in 13 of the 19 countries in the table). In half of the countries the difference between the two sectors remains small however, i.e. below 1 percent.

Table 9: Public sector minus private sector wage increases					
	2002	2003	2004	2005	Average
Belgium	0.3	0.4	-0.3	1.3	0.4
Bulgaria	4.3	-0.4	-8.1	6.8	0.7
Czech Republic	3.4	3.7	-1.2	1.8	1.9
Denmark	-1.0	1.2	0.4	-	0.2
Estonia	0.6	1.4	2.8	4.1	2.2
France	-	0.1	0.7	-0.1	0.2
Hungary	11.5	5.7	-6.4	22.1	8.2
Iceland	4.5	0.0	0.5	-	1.7
Ireland	3.4	-2.1	-0.5	0.3	0.3
Italy	0.7	2.3	-0.2	0.3	0.8
Luxembourg	-1.8	-4.2	-	-	-3.0
Poland	1.5	1.9	1.9	3.7	2.3
Portugal	-0.8	-2.1	-1.8	-0.5	-1.3
Romania	2.7	-8.1	-7.1	-	-4.2
Slovenia	-1.2	-1.4	-3.9	-1.6	-2.0
Spain	-1.1	-0.2	0.2	-0.2	-0.3
Sweden	0.6	0.6	0.9	0.2	0.6
Switzerland	0.5	0.0	-0.3	-0.6	-0.1
UK	0.9	0.5	0.0	0.0	0.4
Source: ETUC Questionnaire 2005.					

It is interesting to note that in Hungary the public sector outperforms the private sector over this period by more than 8 percent annually, this being the result of a couple of major wage hikes in the public sector. Equally striking is the extent to which the public sector remains behind the private sector in Romania, more than 4 percent per year. No major changes in the general trend occur over the four years, with the exception of 2004, when in 10 out of 19 countries wages increased more in the private sector.

As to wage developments in 2006, especially in the countries with low wage growth, the unions underline the need for improvement. However, most unions expect similar or sometimes lower wage growth than in 2005, among other things because economic growth is expected to continue to be sluggish. In some of the new member states there are some hopes and expectations that high productivity growth will become better reflected in wage growth (Hungary, Poland, Czech Republic) while in Hungary 2006 is an election year, which may have a positive effect on public sector wages. In Slovakia nominal wages are expected to keep pace with only inflation. In the Netherlands wage growth is expected to be slightly higher than in 2005, while in Portugal wages are expected to improve considerably.

4. LOW PAY

Low pay is of particular importance to the trade unions. For most unions increasing the lowest wages faster than the average wage is a key objective. Most unions also set targets for what they consider to be the socially acceptable level of minimum pay. These targets generally correspond to somewhere between 50-60 percent of the median wage, or are set in absolute terms (e.g. in Austria low pay is defined as below 14,000 Euro annually, in Belgium as below 1,956 Euro gross per month and in Sweden at 15,000 Crowns monthly). In practice, these targets are often long-term targets and intermediate targets are followed for yearly wage negotiations, or, in some cases, trajectories of when and how to increase the minimum wage are negotiated.

In countries with a statutory minimum wage, union strategies to improve low pay generally focus first of all on this minimum wage, although sometimes higher minimum wages are agreed upon in collective agreements. This is a specific objective in, for example, France and Bulgaria where respectively 40 and 60 percent of sectoral or branch agreements include a minimum wage above the national one, and in Spain where such agreements cover 30 percent of workers falling under an agreement. In the Netherlands and Slovenia the unions try to get (part of) the wage increases agreed in absolute terms (i.e. in euros) instead of as a percentage of the wage, which works to the benefit of the lower paid.

Table 10: Minimum wage growth and % average wage

Minimum wage growth (%)					
	2002	2003	2004	2005	Average
Belgium	2.0	2.0	2.0	2.0	2.0
Bulgaria	14.9	11.0	9.0	25.0	15.0
Czech Republic	14.0	8.8	8.1	7.2	9.5
Estonia	15.6	16.8	14.8	8.5	13.9
France	2.4	5.3	5.8	5.5	4.8
Hungary	29.1	10.1	4.8	7.5	12.9
Ireland	6.7	7.1	2.9	9.3	6.5
Luxembourg	2.1	5.7	2.1	-	3.3
Poland	0.0	5.2	3.0	3.0	2.8
Portugal	4.1	2.5	2.5	2.5	2.9
Romania	25.0	43.0	12.0	10.7	22.7
Slovakia	13.2	9.2	6.9	4.6	8.5
Slovenia	14.1	8.0	5.4	4.3	8.0
Spain	2.0	2.0	8.8	4.5	4.3
UK	2.4	7.1	8.0	4.1	5.4
Minimum wage as % average wage					
	2002	2003	2004	2005	Average
Bulgaria	38.8	40.3	39.7	47.3	41.5
Czech Republic	35.9	36.6	37.0	37.2	36.7
Estonia	30.1	32.1	34.0	33.5	32.4
Hungary	51.2	49.3	56.5	54.8	53.0
Ireland	50.7	50	49.6	49.0	49.8
Luxembourg	35.4	36.6	35.4	-	35.8
Poland	35.3	36.3	35.3	34.2	35.3
Portugal	52.1	48.3	47.9	-	49.4
Romania	31.4	36.4	34.4	32.3	33.6
Slovakia	41.2	42.3	41.3	40.0	41.2
Slovenia	42.0	42.0	44.0	43.0	42.8
Spain	36.2	35.6	36.5	40.1	37.1
UK	35.8	38.4	37.7	-	37.3

Source: ETUC Questionnaires 2004 and 2005

In 2002-2005, in all countries with a statutory minimum wage that are included in Table 10, the growth of the statutory minimum wage was equal to inflation (Belgium and Portugal) or higher than inflation (the rest). Hence, the real value of the minimum wage was safeguarded everywhere and in most countries it increased. Minimum wage growth has been particularly strong in the new member states, in Ireland and the UK, and in the candidate countries.

Compared to average wages, huge differences are apparent between countries as to the relative value of the minimum wage. Developments over time are also quite diverse. While in some countries the relative value of the minimum wage seems to be increasing over time (Bulgaria, Czech Republic, Spain), in others it seems to be decreasing (Ireland, Portugal, Slovakia), and in the rest no clear trend can be observed.

In countries where there is no such statutory minimum wage collective bargaining plays a more central role, and minimum wages are normally defined in sectoral agreements. Also, unions aim to improve the situation of the lowest paid through collective bargaining. For example, in Austria, in the low wage sectors, the union target for low pay is largely respected in wage negotiations. In Sweden, in most collective agreements the lowest paid receive higher-than-average wage increases.

5. WORKING TIME

Working time has been at the centre of collective bargaining once again in 2005. Continuing last year's trend, developments this year confirm that we are witnessing a sort of 'paradigm change' in bargaining on working time. Until recently workers and employers concluded numerous agreements exchanging working time reductions for increased working time flexibility. However, in the last couple of years, employers, often with support from governments, reject further working time reductions and push for working time extensions without compensation and for increased working time flexibility. They argue that this is necessary because of international competitive pressure and often threaten to relocate their operations if their demands are not satisfied. In the EU15 especially, there are more and more cases of concession bargaining that renegotiate working time regulations to the detriment of the workers. Though trade

unions often retain working time reductions as a major objective, they are currently proving hard to achieve. In particular in the UK, unions are also fighting for an end to the opt-out to the EU Working Time Directive, which they see as the only way to bring down the number of people working more than 48 hours a week.

Indeed, with few exceptions, in the EU15 working time reductions have come to an end and in several cases a tendency towards working time extensions can be observed. Unions generally oppose such extensions, but do so more successfully in some countries than in others. In the new member states too, where workers generally work more hours per week than in the EU15, working time reduction is coming to an end and – in Slovakia for example – employers are already pushing for working time extension.

Working time flexibility has been increasing around Europe, both through legislative changes and collective agreements. This includes regulations on the flexible scheduling of working time with prolonged reference periods, overtime and its compensation, weekend work, reduced working time in case of recessions, etc. As a result, collective agreements have in many cases become an instrument to increase working time flexibility. Such flexibility is largely to the benefit of the employers. However, unions are also increasingly trying to negotiate ‘worker-friendly’ working time regulations, in particular to allow for a better combination of work and non-work activities.

6. GENDER EQUALITY

Gender equality is an important issue for trade unions around Europe and most have clear objectives in this field. These generally concern equal pay, equal access to employment, equal access to training, a reduction of the unfavourable effects of parenthood on career and employment chances, working time arrangements allowing for a positive combination of work and family life, etc. Many unions have broad gender mainstreaming and gender equality programmes, as well as campaigns on more specific issues. However, very little of this seems to be reflected in collective agreements. While most countries underline the importance of the issue, most also state that only few collective agreements include important gender equality measures.

Nonetheless, there are a few interesting examples. In Spain the National Agreement on Collective Bargaining, signed by the social partners, provides a set of gender equality criteria that should be incorporated into collective agreements. In Sweden recent wage agreements tend to favour low-wage sectors where women are often over-represented. In the UK, the TUC conducted a gender audit which shows that just over half of the unions report negotiating success in the area of women's pay, with equal pay audits being negotiated frequently. Also, in the National Health Service a regarding exercise was conducted following gender equality claims. In Belgium also re-classifications designed to promote gender equality have been negotiated and adopted in a number of sectors.

7. Training and life-long learning

In most countries, training and lifelong learning is considered a key issue for trade unions. Further training and education is seen as an important factor to improve the employment chances of workers and to strengthen productivity. This is especially the case for specific vulnerable groups like the young and the unskilled. Training is also seen as a necessary element of processes of enterprise restructuring and relocation, in order to re-employ workers in the same enterprise or to help them find new employment. Hence, unions are trying to improve access to training for workers, as well as to improve national, sectoral and/or enterprise training systems, including securing the necessary financial means. In a number of cases, trade union demands concern an individual right to training, which is also the subject of a common European demand issued by the European Metalworkers Federation. In the new member states especially, financing of training is a key issue to be resolved.

The importance attached to training is reflected in some – but not all – countries in the fact that collective agreements frequently deal with this issue. For example, in Bulgaria, in a number of sectors agreements have been concluded on the right to training and the creation of training funds. In France, many branch agreements have been reached on life-long learning and training for young people, while at the inter-professional level an agreement is in force on the validation of skills and experience. In Hungary, training is included in 600 collective agreements covering 350,000 employees. In Italy,

the bilateral vocational training funds are finally up and running. In the Netherlands there is a widespread practice of employability agreements, including lifelong learning issues, while in the UK trade unions are involved in many workplace training projects through the Union Learning Fund and Union Learning Representatives and an important lifelong learning agreement has also been concluded in the National Health Service.

8. Conclusion

The main points made in this report are that both wages and working time are under pressure. There is a decelerating trend in wage growth, which raises fears of a downward wage spiral. Decelerating wage growth results both from slow economic growth and increasing difficulties for unions in getting productivity improvements translated into wage growth in the context of high unemployment and fears about job security. Employers and often also governments argue for wage moderation for the sake of international competitiveness and the threat of relocation is becoming part and parcel of bargaining strategies. This is also true of working time, where there is heavy pressure for both working time extensions and increased working time flexibility. To avoid being played off against each other, workers and trade unions should be aware of these general trends and react to them not only at the national but also at the transnational level, by exchanging information and coordinating their strategies and activities. In this way, unions could attempt to avoid negative competition on wages and working conditions. Acting together at European level they may also join in the calls for changes to economic policy that are needed at national and European level in order to achieve a better growth performance.

TOWARDS FREE MOVEMENT OF WORKERS IN AN ENLARGED EUROPEAN UNION

review of the transitional measures applicable to the free movement of workers from the new EU Member States

5-6 December 2005

1. On the occasion of the enlargement of 1 May 2004, 12 of 15 'old' Member States have introduced transitional measures. Some new Member States have applied measures on the basis of reciprocity as a response. Before 1 May 2006 the Council will have to review the functioning of the transitional provisions on the basis of a Commission report. This report is expected to be published in January 2006.

ETUC wants to contribute to the debate about the next steps with this resolution and the explanatory memorandum in the annex.

2. ETUC wants to stress that proper consultation of the social partners at all relevant levels about the functioning and the future of the transitional measures is indispensable, and urges the Commission to convey this message to Member States.

3. ETUC recognizes that transitional measures to the free movement of workers are a derogation – although of a temporary nature, and based on the Accession Treaties - of the right to free movement of persons and the right to equal treatment of all EU citizens as enshrined in the EU Treaty and Charter of fundamental rights, and

must therefore be justified on important and objective grounds. So should their continuation.

4. The transitional measures have been introduced by Member States to protect their labour markets. Some ETUC affiliates, especially in the border regions with the new Member States, have reported that the transitional measures have had a positive effect for them, because they have reduced the pressure of migratory flows from the new Member States, in a situation of stagnating economic growth and growing unemployment rates that are especially high under migrants and their descendents, thereby allowing their labour markets to gradually adapt without creating major shocks and imbalances.

5. However, other ETUC affiliates have reported to the ETUC that the transitional provisions with regard to the free movement of workers in their Member States seem to have an adverse effect: they create and maintain a situation of second and third class citizenship for workers from the new Member States, or make legal admission for work impossible for them, thereby stimulating:

- unfair competition on wages and working conditions to the detriment of the working classes in the old Member States,
- an increase in undeclared work and false self employment which disturbs local and sectoral labour markets,
- exploitation and discriminatory treatment of workers from the new Member States.

6. At the same time, experiences in many countries – including those that have not taken any transitional measures - show, that there are serious concerns with regard to the protection of workers and industrial relations systems, arising from increased cross border mobility and the emergence of a European labour market, although often in the framework of the free movement of services, that threaten social cohesion and the support of citizens and workers in many Member States for the European project, and that demand for measures to be taken at national as well as at EU level.

7. Clearly there has to be a judgement at national level about the effects of the transitional measures and the need for their continuation. But the ETUC is of the opinion that such measures should not

only be adopted or continued to ‘buy time’ and to postpone to a later date the moment at which free movement of workers will have to be a fact, thereby allowing Member States not to properly analyse the underlying problems and not to develop more sustainable policies to address them.

8. According to the ETUC, there is an urgent need to develop as soon as possible at national level as well as at EU level an appropriate framework of firm and fair rules to accompany the coming about of a genuine internal market, in which goods, capital, services and workers can move around to the benefit of citizens, economies and societies. Such a framework should help create confidence that mobility in a globalizing world is not necessarily a threat, even if it will bring about change.

9. ETUC’s ambition is, to help bring about such a European labour market on four key conditions:

- that it is based on the principle of equal wages and working conditions for equal work in the same workplace and on the same territory
- that national collective bargaining and industrial relations systems are fully respected, and valued as an indispensable and dynamic tool to manage change
- that it provides equal access of all workers to social benefits
- that it provides stakeholders at all relevant levels, including the social partners, with proper instruments and tools for monitoring and enforcement.

10. According to the ETUC, Member States in cooperation and coordination with the European Institutions should invest in measures that provide for proper management and basic order on the national and European labour markets, combining open borders within the EU with adequate protection, which would pave the way for no longer relying on transitional restrictions.

11. At national level, governments should - together with their social partners - investigate how national regulations and practices and the national industrial relations system can be strengthened to cope with the challenges of cross border mobility. In the attached explanatory memorandum several issues are mentioned that should be addressed.

12. The EURES network, in which ETUC and the ITUCs (Interregional Trade Union Councils) participate actively, should be strengthened, and should play an important role in supporting these national policies, as well as the interregional and European policies.

13. At EU level, The European Commission, supported by the Council, and where appropriate in cooperation with the European Parliament, and in consultation with the Social Partners, should develop an EU-wide supportive legal framework for cross border mobility of workers, both in the framework of free movement of services and free movement of workers.

Such supportive framework should consist of:

- a set of minimum standards established at EU level,
- the establishment of clear principles of equal treatment in wages and working conditions applying to the place where the work is done,
- the obligation to respect the host country's industrial relations systems, i.e. the rules and regulations with regard to collective bargaining and industrial action,
- mechanisms and instruments, including liability of principal contractors, for cross border monitoring and enforcement of working conditions and labour standards.

14. In the explanatory memorandum further elements for such a framework are listed. However, as a matter of high priority, the Commission and European Institutions should:

- a. ensure that the Services Directive will not in any way infringe on labour law, collective agreements and industrial relations systems, including mechanisms for monitoring and enforcement and the right to take industrial action,
- b. exclude from the scope of the Services Directive sensitive services for the exploitation of migrant labour, such as temporary agency work;
- c. put adoption of a strong Temporary Agency Directive as a high priority on the agenda

15. These actions and policies need to be embedded in much

broader economic, employment and skills policies with regard to enlargement, which will have to ensure that economic development and growth in the new Member States will also benefit workers and their families, and will prevent the current developments of ‘brain drain’ and ‘youth drain’.

16. The ETUC and its affiliates should build on its Helsinki 1999 congress resolution (“Trade unions without borders”) and its recent resolution on economic migration (March 2005: ‘Towards a proactive EU policy on migration and integration’) and develop mutual support systems cross border on a bilateral as well as multilateral basis, thereby bringing about solidarity and mutual understanding and contributing to social cohesion within an enlarging European Union.

17. In its evaluation next year, the Commission should check if some of the current transitional provisions that are put in place by Member States are in compliance with the EU Treaty and Accession Treaties: the ETUC has some specific doubts with regard to the legal validity of some restrictive measures in the area of social security and social assistance.

18. Furthermore, the Commission should ask those Member States that next year want to continue the application of transitional measures to report about the arguments and justifications that have led at national level to the decision to continue the transitional measures.

They must in particular be asked to report on the following questions:

- how they foresee to prevent possible adverse effects;
- what measures they are planning to take to provide all workers on their territory, their own nationals as well as other EU citizens including workers from the new Member States, with adequate and equal protection under the law, as they are obliged to do according to the EU Treaty and the Charter of fundamental rights;
- which measures they intend to take to be able in the future to no longer rely on transitional restrictions.

19. The domain of free movement of workers shows that employment and mobility policies should be dealt with both at national as well as European level. Indeed, as the single market is a EU competence, creating order in it for all situations of cross border working at EU level is paramount. Hiding behind deceptive arguments that there is no European social model but only a variety of national ones in Member States ducks the intellectual and political challenge of handling mobility issues properly.

20. The current cases before the ECJ, i.e. the Vaxholm case and the Viking case, as well as other recent cases that have come up in various Member States, such as the Irish Ferries case, have created major social unrest and are endangering social partnership models. They cannot be treated as matters only for courts. They demand from politicians and social partners at all relevant levels to take up their responsibility and develop appropriate policy responses.

21. Therefore, the Commission should – on the occasion of the evaluation of the transitional measures, and in the framework of its 2006-Year of Mobility - acknowledge that there are serious problems with regard to cross border mobility that demand for urgent action to be taken at EU level. She should therefore call upon all stakeholders at EU level – Member States and Social Partners – to work together to create a positive framework to support the coming about of a European labour market, based on the principle of equal treatment and the harmonizing upwards of working conditions and social systems.

22. The EU should provide its constituent Member States as well as its citizens with the instruments and tools to cope with the challenges of the 21-st century in a way that is consistent with its primary goal: to improve the living and working conditions of its peoples in all EU Member States and accession countries, and in that way help bring about peace, prosperity and solidarity.

Explanatory memorandum

1. INTRODUCTION

Following the accession negotiations with the ten new Member States that were entering the EU as from 1 May 2004, Member States could apply transitional measures with regard to the free movement of workers for a maximum period of seven years.

From the 15 old Member States only Sweden, the UK and Ireland have not introduced any transitional measures. However, the UK and Ireland have introduced restrictions with regard to the access to social benefits. The other 12 Member States have applied some form of transitional measures with regard to free movement of workers. In addition, Austria and Germany have also introduced restrictions to certain cross border services. Some of the new Member States have applied restrictions on the basis of reciprocity as a response (Hungary, Poland and Slovenia).

The Accession Treaty stipulates that, before a two-year period following the date of accession comes to an end, the Council will review the functioning of the transitional provisions on the basis of a Commission report. The Treaty also states that, after this review and by the end of this two year period at the latest, Member States will have to inform the Commission if they intend to continue applying restrictions for workers from the new Member States.

The Commission has announced that its report will be presented in January 2006.

ETUC wants to contribute to the debate with the attached resolution. It recalls previous resolutions, in which related issues were addressed:

In its resolution of 13-14 December 2000 on the post-Nice enlargement of the EU the ETUC stressed the need of social partner involvement in all aspects and dimensions of the enlargement process, referred to the importance of achieving free movement of workers as one of the Internal market's four fundamental freedoms as laid down

in the EU treaties, and stated that “if transitional periods are unavoidable, they should be as flexible as possible and appropriate to the economic and social situation” of the Member State concerned.

In its resolution of March 2005 on the Green Paper on economic migration the ETUC called for a pro-active EU policy on migration and integration, and mentioned among other things that such policy:

- a) should be based on the recognition of fundamental social rights of current citizens as well as newcomers and should be embedded in strong employment and development policies;
- b) should prioritise investing in the capacities and qualifications of those who are already present on the national and EU labour market, unemployed or underemployed EU citizens including those from a migrant or ethnic minority background, as well as third country nationals including refugees and irregular migrants;
- c) should be established in close consultation with social partners;
- d) should guarantee the free movement of all persons who are either citizens of an EU Member State or third country nationals who are legal residents, in a framework of non-discrimination and equal treatment;
- e) should provide for a clear legal framework of equal treatment in working conditions and respect for the host country’s rules and regulations and industrial relations systems.

In this resolution, the ETUC also stressed the major importance of strengthening the European social model in providing and maintaining basic protection for all Europe’s inhabitants, to counter increasing feelings of social insecurity by millions of workers that may feed into racism and xenophobia, and to help the trade union movement play its cohesive role.

2. SOCIAL PARTNERS AT EVERY LEVEL SHOULD BE CONSULTED ABOUT THE REVIEW!

ETUC has consulted its affiliates about their experiences and views with regard to the transitional measures. One key issue was raised by many: the majority of national confederations has not been properly

consulted at the time of the adoption of the transitional measures in their member state, nor are they currently consulted on the review. On an issue that so clearly regards the major areas of interest of the social partners, such negligence is unacceptable. Therefore, the ETUC urges the European Commission to convey the message to Member States that proper consultation of the social partners at national level about the review of the transitional provisions is indispensable.

3. EXPERIENCES IN MEMBER STATES

The transitional measures have been introduced by most 'old' Member States to protect their labour markets. Some ETUC affiliates, especially on the direct borders with the new Member States, have reported that the transitional measures have had a positive effect for them, because they have reduced the pressure of migratory flows from the new Member States, thereby preventing disruptions of their labour markets. They foresee the need to continue steering the influx of workers from the new Member States because of persistent high unemployment on their national labour market.

However, trade unions in many old and new Member States have come to the conclusion that the transitional provisions seem to have an adverse effect. Rather than protecting workers and labour markets in the old Member States, they create and maintain a situation of second and third class citizenship for workers from the new Member States, thereby stimulating:

- unfair competition on wages and working conditions to the detriment of the working classes in the old Member States,
- an increase in undeclared work and false self employment which disturbs local and sectoral labour markets, and
- exploitation and discriminatory treatment of workers from the new Member States.

Major problems that are reported from the 'old' Member States are the following:

- a) Open or hidden forms of replacement of workers by workers from the new Member States on lower salaries and/or outside collective bargaining coverage;

- b) An increase in self employed persons and one-man firms at the expense of wage-workers;
- c) An increase in the use of agency work and subcontractors, providing user enterprises with very low wage workers from the new Member States;
- d) Non-respect and/or non-application of the Posting of workers Directive.

However, the simple abolition of the transitional measures will not solve all the problems arising from free movement of workers and services.

Experiences in the UK have shown:

- That newcomers are very vulnerable to exploitation because of lack of proper information;
- there are many abuses by employers, especially via the use of intermediaries and agencies, therefore there is an urgent need to enforce the new Gangmasters Bill and to provide for European minimum rules on agency work;
- gaining legal status does not remove all threat of abuse, but gives confidence to people to find out about their rights and to seek proper remedy.

The experiences in Sweden (Vaxholm-case), Finland (Viking case) and Ireland (Irish ferries) have shown that, even in countries without barriers to free movement of workers or services, major conflicts may arise with regard to the implementation of the Posting Directive, the applicability of national collective agreements and respect for the national industrial relations system and the right to industrial action, and its compatibility with the Internal market rules.

In Sweden this has put into question the very basis of the Swedish model and its place within the European architecture, in Finland this has prevented Finnish workers to exercise their constitutional right to take collective action, whereas it threatens in Ireland the social partnership model.

Whereas in all the above-mentioned cases workers are fighting important and legitimate causes, defending the fundamental right

to collective bargaining and industrial action and demanding the observance of minimum labour standards, the media and right wing political parties are presenting these fights as ‘protectionist’ and directed against migrant workers from the new Member States.

The ETUC is very concerned about this development, and its potential divisive impact on the international trade union movement, and considers it of the utmost importance to develop trade union actions and activities, both at national and at European level, that show mutual support and solidarity, and the joint interest of trade unions and workers all over Europe to work towards improved living and working conditions for all.

The ETUC is of the opinion, that – although in some Member States, especially those neighbouring the new Member States, the adoption of transitional measures has come about on the basis of elaborate consultation with social partners and was directed towards the prevention of disruptions of the labour market - in other Member States the introduction of transitional measures has been a short-term policy solution by governments to deal with public sentiments about the enlargement and has created a false image of protection. This has prevented them from taking appropriate measures necessary to deal with the effects of increased cross border mobility of workers and services.

At the same time, experiences in most countries – including those that have not taken any transitional measures - show that there are serious concerns with regard to the protection of workers and industrial relations systems that demand for measures to be taken at European level, to preserve the European social model.

4. BACK TO BASICS: FREE MOVEMENT, FAIR COMPETITION AND NON-DISCRIMINATION

The EU Treaty recognizes four fundamental freedoms: the free movement of capital, free movement of goods, free movement of services and free movement of persons.

Already in 1968 EU citizens got the right to move around within the EU borders in order to work on the territory of another Member

State. This right was complemented from the very beginning with the right to equal treatment compared to nationals of the host EU Member State.

The right to mobility cannot exist without the complementary recognition of social rights and social protection.

When Member States on the verge of the enlargement eastwards were given the option to introduce transitional measures for the free movement of workers, these basic principles have been put into question.

Lessons could have been learnt and conclusions drawn from previous experiences (for instance the enlargement southwards including Spain and Portugal, where transitional measures rapidly turned out to be superfluous), and the few realistic impact assessments that were made of the potential migratory flows from the new Member States showed that fears were probably unfounded. But many governments of the old Member States that had announced not to make use of the possibility to introduce transitional measures bowed in the last minute to the pressure of public opinion, and introduced some form of transitional measures, which often did not offer concrete solutions for concrete problems (such as addressing insufficient implementation of the Posting Directive, or providing for additional monitoring and enforcement mechanisms with regard to posted workers), but in effect established a situation of official discrimination between workers from the old and (8 of the 10) new Member States.

This form of discrimination is only established with regard to 'workers' since the free movement of persons (students, pensioned persons, researchers, self-employed persons) has come into force on 1 May 2002! All other parts of the active population are not covered. For instance, self employed persons can go to any Member State and perform work and provide their services, without any barrier. This difference has led to distortions in several national and regional labour markets, especially in the border regions to the new Member States, where there has been an enormous increase in so called self employed persons, mostly 'disguised workers', from the new Member States, providing several sectors with an easy exploit-

able workforce for which social security coverage, taxation and legal and collective agreed working conditions can be easily evaded and avoided.

Where workers are allowed to work, they are often submitted to additional rules and regulations, that demand their registration, limit their employment opportunities to certain quota's and/or certain sectors, or only allow them to work when they have certain qualifications.

In several countries, restrictions have been introduced that limit the access of workers from the new Member States to social assistance, thereby establishing a second form of official discrimination.

5. THE WAY FORWARD: A EUROPEAN LABOUR MARKET REQUIRES EUROPEAN RULES OF THE GAME, COMBINING OPEN BORDERS WITH ADEQUATE PROTECTION

According to the ETUC, there is an urgent need for a broad ranging constructive debate about the conditions that have to be put in place to accompany a genuine internal market, in which goods, capital, workers and services can move around to the benefit of citizens, economies and societies.

Such an internal market for labour cannot be built on national rules only, nor can an internal market for services be built on a simple 'country of origin principle'. In many sectors, there is increasingly a reality of cross border labour markets, where the mobility of labour and the provision of services are intertwined (agriculture, construction, tourism, commercial services, etc.).

What is urgently needed is a European framework of 'rules of the game', in which transparency and security for workers are put centre stage. Such a framework should help create confidence that mobility in a globalizing world is not necessarily a threat, even if it will bring about change.

ETUC's ambition is, to help bring about such a European labour market, on four key conditions:

- that it is based on the principle of equal wages and working conditions for equal work in the same territory
- that national collective bargaining and industrial relations systems are fully respected, and valued as an indispensable and dynamic tool to manage change
- that it provides equal access of all workers to social benefits
- that it provides stakeholders at all relevant levels, including the social partners, with proper instruments and tools for monitoring and enforcement.

According to the ETUC, Member States in cooperation and coordination with the European Institutions should invest in measures that provide for proper management and basic order on the national and European labour markets, combining open borders with basic protection, which would pave the way for no longer relying on transitional restrictions.

At national level, governments should - together with their social partners - investigate how national regulations and practices and the national industrial relations system can be strengthened to cope with the challenges of cross border mobility.

The following issues should be addressed, among other things:

- providing proper and transparent information to all actors on the labour market about applicable rules and working conditions,
- invest in the quantity and quality of labour inspectorates,
- implement the Posting Directive in its extensive scope (including collective agreements in all sectors) and ensure that its provisions are properly monitored and enforced;
- address unemployment and underemployment among all workers that are already on their territory: national citizens, EU citizens including those from a migrant or ethnic minority background, as well as third country nationals including refugees
- create ‘bridges’ out of ‘irregular situations’ for undocumented migrant workers and their families, while respecting their basic human rights;
- address persistent situations of racism and discrimination to-

wards migrant and ethnic minority workers and communities, and provide them with a perspective of social and economic integration.

At EU level, The European Commission, supported by the Council, and where appropriate in cooperation with the European Parliament, and in consultation with the Social Partners, should develop an EU-wide supportive legal framework for cross border mobility of workers, both in the framework of free movement of services and free movement of workers. Such supportive framework should consist of:

- a set of minimum standards established at EU level,
- the establishment of clear principles of equal treatment in wages and working conditions applying to the place where the work is done,
- the obligation to respect the host country's industrial relations systems, i.e. the rules and regulations with regard to collective bargaining and industrial action;
- mechanisms and instruments, including liability of principal contractors, for cross border monitoring and enforcement of working conditions and labour standards.

As a matter of high priority, they should:

- a) ensure that the Services Directive will not in any way infringe on labour law, collective agreements and industrial relations systems, including mechanisms for monitoring and enforcement and the right to take industrial action,
- b) exclude from the scope of the Services Directive sensitive services for migrant labour exploitation, such as temporary agency work,
- c) put adoption of a strong Temporary Agency Directive as a high priority on the agenda.

Furthermore, they should:

- d) ensure the proper enforcement of existing EU legislation with regard to situations of cross border working (Regulation 1408/71 on social security, and the Posting of workers Directive);

- e) address existing weaknesses in the Posting of workers Directive, and put proposals on the table for strengthening it; among other things, the exclusion for merchant navy vessels should be deleted;
- f) explore ways of addressing abuses in cross border subcontracting and temporary agency work by responsabilizing main contractors and user enterprises with regard to the payment of taxes, social premiums and wages, for instance by introducing systems of so called ‘chain responsibility’ or ‘client liability’;
- g) revisit the need for a EU framework Directive on manning conditions for regular passenger and ferry services operating between Member States;
- h) develop protection of economically dependent and self employed workers to counter the increased use of forms of false self employment;
- i) bring about a European social inspectorate that can support Member States and national labour inspectorates in the application and enforcement of national and European minimum rules and protection;
- j) start an information campaign, to inform the general public in EU Member States about myths and realities with regard to mobility and migration, as well as support campaigns of Member States and social partners that provide workers and enterprises with information about the minimum rights of workers.

These actions and policies need to be embedded in much broader economic, employment and skills policies with regard to enlargement, which will have to ensure that economic development and growth in the new Member States will also benefit workers and their families, and will prevent the current developments of ‘brain drain’ and ‘youth drain’.

6. ACTIONS TO BE TAKEN BY ETUC AND ITS MEMBER ORGANISATIONS

The ETUC and its affiliates should build on its Helsinki 1999 congress resolution (“Trade unions without borders”) and its recent resolution on economic migration (March 2005: ‘Towards a proactive EU policy on migration and integration’) and develop mutual support systems cross border on a bilateral as well as multilateral

basis, thereby bringing about solidarity and mutual understanding and contributing to social cohesion within an enlarging European Union.

Good practices already developed by affiliates, such as by the Finnish unions who have established an office in Estonia to give information and advice to Estonian workers that are interested in working in Finland, or Polish trade union officers that have gone to London to work together with the TUC in giving information and advice to Polish workers in the UK, or Austrian unions who have made an agreement with Hungarian unions to give legal advice and support to Hungarian trade union members employed in Austria, and who have developed a wide range of cross border activities such as language and professional training and cultural activities in close cooperation with unions in the neighbouring countries, should be brought together and help bring about more elaborate and wide-spread forms of mutual aid.

It could also be considered to develop an ‘Early warning system’:

on the one hand for situations arising in old Member States, to warn affiliates from the new Member States as soon as workers from their country are involved in cases of exploitation and ‘social dumping’, to consult them and imply them in any actions to be taken, and thereby prevent potential divisions between workers from the old and the new Member States to be set up against each other. On the other hand for situations arising in the new Member States and accession countries, to warn affiliates from the ‘old’ Member States, as soon as enterprises from their countries ‘misbehave’ on the territory of a new Member State for instance by denying basic trade union rights and the observance of minimum social standards.

7. MAKE 2006 A GENUINE “EUROPEAN YEAR OF MOBILITY”!

In the view of the ETUC, the Commission must take its proclaimed 2006 as Year of Mobility seriously.

The Commission should – on the occasion of the evaluation of the transitional measures, and in the framework of its 2006-Year of Mobility - acknowledge that there are serious problems with regard

to cross border mobility that demand for urgent action to be taken at EU level.

She should therefore call upon all stakeholders at EU level – Member States and Social Partners – to work together to create a positive framework to support the coming about of a European labour market, based on the principle of equal treatment and the harmonizing upwards of working conditions and social systems.

5-6 December 2005

INTRODUCTION

Adoption of the European Union financial perspectives for the years 2007 - 2013 is in difficulty. The stalemate that prevented the conclusion of an agreement under the Luxembourg Presidency and that is still delaying a decision could reduce funds for the new Member States at the start of the new programming period. The lack of ambition of Europe's leaders diminishes their credibility in the eyes of citizens. The ETUC has already denounced this situation, deploring the fact that declarations of intent are not being followed up by acts.

The ETUC wishes to take part in the debate on the future of the European Union by expressing its views on the question of the financial resources the Union needs to carry out its tasks, in particular in the areas of employment and social policy, social cohesion and quality of life, sustainable development and the environment. It also stresses the urgency of an ambitious response to these challenges.

Once adopted, the financial perspectives for 2007 - 2013 must serve as the framework for planning European budgetary expenditure for the medium term. They have to guarantee the availability of the resources needed to achieve the political objectives established in common. The EU needs the financial means enabling it to respect the commitments it has already made and to rise to future challenges, equal to its political ambitions and its global responsibilities.

For the ETUC, enlargement is a challenge of unprecedented scope in political, economic and social terms, from which the entire European Union will benefit. Unlike previous enlargements, however, it is clear that the latest enlargement has widened the economic development gap, shifted disparities geographically eastward and made

the employment situation more difficult. In addition, the EU is pre-occupied with other major challenges identified by recent European Councils, which also require common and coordinated responses and actions.

The major challenge ahead for the Union is to build solid foundations that make it possible to remedy the differences that deepened after enlargement and to integrate the new Member States in such a way as to exploit the potential of enlargement to increase the prosperity and quality of life of EU citizens. This task is all the more difficult as, while trying to respond to the sometimes contrasting expectations created by easy promises, the Union has just taken the decisions concerning the expenditures for the years to come (reform of the Common Agricultural Policy).

For the ETUC, meeting this challenge means first and foremost making a considerable financial effort to co-finance European policies in the less developed, as well new as old, Member States, based on solidarity and the prospect of return on this investment. This approach would be compromised however if at the same time the regions and citizens benefitting from current policies were suddenly obliged to do without them.

Accordingly, as part of the reform of the economic and social cohesion policy under way, the Union's structural policies need to complement other policy areas to a greater extent, while ensuring that all Union policies include the essential aspects of economic and social cohesion and the creation of quality jobs. This coordination of Community policies must be matched with the coordination of taxation policies to prevent social and fiscal dumping. We have grave concerns about the negative impact of fiscal dumping on EU financing and more specifically on its threat to the financing of social policy.

An important challenge ahead consists of adapting EU policies and giving them the resources needed to achieve the Lisbon Strategy objectives, namely making the economy capable of sustainable growth based on knowledge and innovation, creating more and better jobs, and promoting greater social cohesion and environmental protection. The ETUC thus welcomes President Barroso's proposal to

raise the proportion of expenditure related to the renewed Lisbon strategy to at least one third of the EU budget.

The Union also has to accept its responsibilities as a global player. The ETUC expects Europe to make better use of its economic weight to promote its social and political values with neighbouring countries, via its trade, foreign, security and development policies.

I ELEMENTS OF THE INTERNAL STRUCTURE OF THE BUDGET

1 THE RENEWED LISBON STRATEGY

a) Social Policy Agenda 2006-2010

For the ETUC, social policy is a pillar of European integration that must be given sufficient financial resources to maintain and strengthen the European social model and to meet the challenges of and manage the changes brought about by enlargement, globalisation and an ageing population.

The main test of the next Social Policy Agenda will be to respond to citizens' and workers' expectations of Social Europe. This is all the more important when we note that the current Social Policy Agenda, which admittedly is still running its course, has not fully achieved certain aims, which require speedy action, and that some aspects of implementation have been negative.

Concerning the Commission's proposal on the establishment of a Community Programme for Employment and Social Solidarity (PROGRESS), the ETUC considers that the budget heading must be increased appreciably if the EU wants to contribute effectively to implementation of the renewed Lisbon Strategy. This is particularly so because the proposed total budget is inferior to the current budget allocated to the five main areas of activity covered by the programme, namely: employment, social protection and inclusion, working conditions, anti-discrimination and diversity, and gender equality.

Obviously, the ETUC also recommends a higher budget for the second heading, 'Sustaining social dialogue, free movement of work-

ers and studies and special reports in the social field'. The idea is to provide financial support to:

- promote and facilitate social dialogue at European level
- train and provide information for workers' representatives
- strengthen the EURES network and in particular the cross-border EURES Partnerships; new partnerships need to be developed, notably in cross-border regions with and between new Member States
- support information, consultation and participation of workers in companies.

The ETUC reiterates that the Structural Funds must be the main instruments used to implement the Social Policy Agenda 2006-2010.

b) Research and development

The ETUC supports the Commission's choice of putting the accent on knowledge, research and development, and the new technologies, and of allocating adequate resources by doubling the European R&D budget. The return of growth, vital for creating jobs, requires a high level of training and innovation.

Sustainable development, as the Union's first objective, requires systematic and long-term efforts in the field of research and development, encompassing the three pillars - economic, social and environmental..

We reiterate our attachment to the objective of attaining 3% of Member States' GDP for public and private research budgets in 2010, which forms an integral part of the Lisbon Strategy. However, this objective can only be attained if the European R&D budget is reinforced and if the European Research and Innovation Area is developed further to the benefit of all.

This holds for both fundamental research and industrial research. On the latter aspect, the joint technology initiatives proposed for aeronautics, space surveillance, hydrogen, innovative medicines, nanoelectronics and on-board computer systems constitute a positive innovation.

The ETUC has asked the Council of the European Union to table a new directive proposing a new European growth initiative and inviting the Member States to draw up national plans to stimulate growth by investing 3% of their GDP in Lisbon Strategy activities such as research, education and training, and active policies for the labour market, moderate-rent housing, clean technologies and renewable sources of energy.

The ETUC has also pressed for the mobilisation of adequate public means for a European public research and development policy oriented towards energy sources with the potential to reduce greenhouse gases (to combat climate change) and improve energy efficiency.

c) Education and training

Europe needs massive investment in people, in human resources, the most important competitive asset of any society. Such investment must integrate the anticipation of social changes resulting from the knowledge-based society and provide responses to the problems of maintaining and creating jobs, developing worker's qualifications and skills, raising the productivity of European companies and achieving innovative and more effective work organisation, through real investment in the development of workers' skills, social inclusion and the promotion of equal opportunity.

A dual approach based on prevention and cure is essential and must work in tandem with active and innovative policies and strategies at local, regional and national level, comprising the creation of networks and of enhanced partnerships.

d) Community networks

The Commission proposes to develop environmentally acceptable trans-European infrastructures, allocating resources well above the level of the previous period. The ETUC believes the trans-European networks can contribute to territorial and social cohesion. We call for an ex-ante evaluation to measure not only their economic and environmental impact, but also their social impact. By social impact, we refer to the employment generated by the connection of regions to the main networks.

The transport policy needs to be given a new direction. The Union is the level best suited to breaking down national resistance and giving impetus to better balance in means of transport in favour of alternatives to road transport.

Rail infrastructure and motorways of the sea should be priorities. The building of these infrastructures has already been delayed too long; this element of the financial perspectives must not be reduced.

In the scope of the Structural Funds, projects related to transport infrastructure must be defined in a way consistent with European transport policy. We therefore support the proposal for using the Structural Funds to supplement the subsidies granted under the Trans-European Networks budget.

Infrastructure development has moved forward in the EU 15, but this is not the case in the new Member States. While taking care not to fragment interventions, balance needs to be struck between investments in infrastructure and those in human capital, while integrating the employment objective in infrastructure projects and tying them in to a forward-looking human resources policy.

e) Structural Funds

The ETUC stresses the importance of strengthening Community structural policies in an enlarged Europe, because the principles of cohesion and solidarity are enshrined in the Treaty and constitute two of the most important vehicles of integration of both peoples and regions.

The ETUC reiterates that the future cohesion policy must provide responses to those challenges, helping to reduce disparities between regions and to promote a society of full employment, equal opportunity, social inclusion and cohesion, and more broadly, the European social model.

In the same vein, the ETUC recalls the Presidency Conclusions of the European Council of March 2005 stressing the need to relaunch the Lisbon Strategy, and in particular that 'the Union must mobilise

to a greater degree all appropriate national and Community resources - including the cohesion policy'.

The ETUC warns against the development of a two-tiered cohesion policy, even though we recognise that priorities can differ depending on whether an action targets the least favoured regions of the EU 15 or those of the new Member States.

Between 1989 and 1999, the financial effort rose from 0.27% of the Union's GDP to 0.45%. This level of investment of EU public resources is relatively modest compared to the positive results obtained, particularly concerning the level of improvement of the less favoured regions and the beginning of real convergence. The ETUC subscribes to the Commission's view that the level of 0.45% of GDP is a minimum, below which the credibility of the future cohesion policy would be jeopardised.

To continue down the road to success, the ETUC considers that an even greater effort is needed to stimulate growth, employment, competitiveness and the quality of the environment in the less developed regions, the impact of which is very significant throughout the Union. Any other approach would run counter to the objectives of the EU Treaty by failing to slow the increase in disparities in the enlarged Union.

The ETUC supports the EU proposal to raise the proportion of expenditure related to the renewed Lisbon Strategy to at least one third of the EU budget. For the Structural Funds, however, the ETUC cannot accept President Barroso's proposal whereby each Member State would set a target aimed at bringing the share of cohesion expenditure devoted directly to competitiveness to an average minimum of 60%. It is our view that, in terms of spending, there has to be a balance among the three pillars - economic, social and environmental - of the Lisbon Strategy.

The European Social Fund (ESF) is the privileged instrument for implementing the European Employment Strategy and must remain so in the future. The EES must become part and parcel of national, regional and local labour market policies and of the ESF objectives. This means that the ESF must make a greater contribution to at-

tainment of the objectives set at the Lisbon European Council for the transition to a knowledge-based society and the promotion of lifelong learning.

Likewise, as far as the ESF is concerned, the ETUC supports the Commission's proposal whereby, under the convergence target, at least 2% of ESF resources would be allocated to capacity building and activities undertaken jointly by the social partners.

In view of the above, the ETUC strongly supports the Commission's proposal that, in accordance with the new impetus given to the Lisbon Strategy for growth and employment, the cohesion policy must give greater priority to knowledge, research and innovation, and human capital, and that doing so implies a significant increase in the overall financial effort.

On economic restructuring, the ETUC applauds the Commission proposal for putting into place permanent monitoring systems involving the social partners, businesses and local communities, whose role will be to review economic and social changes at national, regional and local level, and to anticipate future developments in the economy and the labour market.

The ETUC believes it necessary to add an Employment Guideline urging Member States to ensure that all dismissed workers are entitled to reintegration into the labour market (retraining, vocational guidance and outplacement services). The Structural Funds should support the conclusion of collective agreements establishing this right.

Finally, while the proposed 'mono-fund' approach could simplify management and implementation, an overview and parallels must be established, particularly to avoid any duplication of the Funds. The effort to achieve integrated implementation of the Funds must be maintained, moreover.

The ETUC considers that the two new initiatives presented by the Commission, namely JASPERS (joint assistance to support projects in the European regions) and JEREMIE (joint European resources for micro to medium enterprises), based on cooperation between

banks (EIB, EBRD and EIF), must indeed enable the national and regional authorities to make better use of resources in the regions. The social partners at different levels must be involved in the related processes.

f) Globalisation Adjustment Fund

The ETUC welcomes President Barroso's proposal for the creation of a Globalisation Adjustment Fund that would not form part of the financial framework and would allow a rapid response to the problems of workers who lose their jobs owing to restructuring. The Fund would cover training, relocation of workers and outplacement.

Such a fund should be used consistently with the future Structural Fund programmes referred to above, aimed at putting into place permanent monitoring systems involving the social partners, businesses and local communities, whose role will be to review economic and social changes at national, regional and local level, and to anticipate future developments in the economy and the labour market.

Along the same lines, the ETUC calls for the social partners at different levels be involved in all stages of the process of managing actions carried out in this framework.

g) Growth Adjustment Fund

The Growth Adjustment Fund aims to allow growth and cohesion targets to be adjusted to cope with unexpected events having important consequences or an impact more severe than expected on growth and employment, and to react to crises resulting from international economic and commercial developments. The ETUC considers that it is essential for management of this Fund to be consistent with the future Structural Fund programmes referred to above and the Globalisation Adjustment Fund.

Along the same lines, the ETUC asks that the social partners at different levels be involved in all stages of the process of managing actions carried out in this framework.

h) EU Solidarity Fund (EUSF)

The ETUC applauds the Commission's proposals to extend the scope of the Solidarity Fund and to enable it to react rapidly in crisis situations in regions of the Member States and applicant countries. Certain elements must nonetheless be improved to make the Fund an effective and flexible instrument and to ensure that the populations of the regions concerned do indeed benefit from EU solidarity assistance. Among other things, this involves extending the scope of the EUSF to drought.

The role of the EUSF must make possible a speedy return to a normal situation and the usual functioning of the infrastructures of economic and social life. It must also serve as a clear political signal given by the EU to the citizens affected by serious emergency situations.

The proposed budget should also make it possible to cover the needs created by exceptional situations resulting from a major catastrophe such as an earthquake or tidal wave.

The ETUC considers that EU citizens must be the final beneficiaries of the actions implemented. State bodies should not be the only recipients of the public resources made available in this context; the social partners participating in operations should also have access to such funds.

i) Environment

The European agenda for the environment and health must be sustained and strengthened, maximising the positive synergy with the European agendas for employment and growth.

This is also a question of social equity to the extent that Europe's poorest populations are also most exposed to environmental problems (noise, pollution, risks of floods). From that standpoint, the rate of Structural Fund financing for environmental activities must be maintained during the next financing period. The Funds must support measures that make it possible to uncouple economic growth and the use of resources while improving social cohesion, for ex-

ample through improved energy efficiency, the use of renewable energy sources in moderate-rent housing, and the transition from road transport to alternative means of transport accessible to all.

It is essential for sufficient funding to be granted for implementation of the future European legislation on chemicals (REACH) and the future European chemicals agency.

The European Climate Change Programme (ECCP) must be stepped up to respond to the European Union's commitments under the Kyoto Protocol and to the undertakings of the European Council of March 2005 to reduce greenhouse gas emissions by 15 to 30% by 2020. The Commission has also proposed to include major new objectives, such as the prevention and management of the consequences of climate change in the social, economic and environmental spheres.

The implementation of the Environmental Technology Action Plan (ETAP) must be sustained, in order to exploit fully the potential of eco-efficient technologies for job creation, the preservation of natural resources and economic growth.

2 REFORM OF THE CAP

The ETUC considers that the Common Agricultural Policy is and must remain the main instrument for implementing EU farm policy.

Since its inception, the CAP has evolved from a fundamental instrument for guaranteeing the security of the Union's food supply to one steered towards sustainability, rural development, the quality of food products, environmental protection and the improvement of social conditions in the agriculture sector.

The mid-term review of the CAP agreed in 2003 sets expenditure under the first pillar of the CAP (market-related expenditure and direct payments) up until 2013. It uncoupled direct payments from production, and introduced environmental conditions corresponding to compliance with existing regulations, thus giving the Union considerable margin in the multilateral negotiations currently under way in the WTO. In contrast, the ETUC regrets that the coupling of future

payments to job creation or maintenance was rejected. The ETUC also regrets that the reviewed CAP still does not guarantee a fairer and more transparent redistribution of the benefits.

In the future, the ties between the CAP and the sustainable development objectives set by the Lisbon and Gothenberg strategies (creation of quality jobs, environmental protection) must be consolidated and reinforced. The reform of the CAP must lead to greater convergence and consistency with the cohesion policy and take on a societal dimension. That implies evaluating the impact of the CAP on employment, the environment, local development, the quality of products and food safety, and redirecting it as necessary.

In parallel with the overhaul of the CAP, rural development funds should be substantially increased in order to tackle the employment and competitiveness problems of rural areas, particularly in the new Member States. The proposal for a new rural development regulation, which would introduce new activities under Natura 2000 in the ERDF, makes this all the more necessary.

In this respect, the rural development programmes to be implemented as part of the future European Agricultural Fund for Rural Development (EAFRD) must be complementary to the CAP and coherent with the objectives of the renewed Lisbon Strategy.

3 THE EU AS A GLOBAL PARTNER

The Commission proposes to reinvigorate its development, trade and neighbourhood policies, with the aim of making Europe a player in shared prosperity. The ETUC shares this ambition for the Union and stresses that the funding of external actions must be high enough to enable the Union to achieve its political ambitions and its international undertakings, especially considering that these undertakings are increasing.

Concerning the recognised applicant states (Bulgaria, Romania, Croatia and Turkey) and potential applicants (Balkan states), the ETUC supports the Commission's proposal to set up the Pre-Accession Instrument (PAI) to replace the existing instruments (PHARE, ISPA, SAPARD, the regulation on Turkey and the CARDS programme).

In the wake of enlargement, moreover, the EU external borders have moved, shifting structural problems as well to these new regions. The ETUC is of the view that special attention has to be given to these regions, making optimal use of the New Neighbourhood Instrument, but without neglecting efforts to assist border regions within the EU.

The Union must especially honour its commitments to help the developing countries to attain the Millennium Development Goals (MDG) by 2015. That will require giving more impetus to the efforts being made in the least developed countries to meet basic needs such as water, energy, health care, food security, and basic education and training.

Moreover, as part of the Union's economic partnership agreements with the ACP States and other regions of the world (EUROMED, MERCOSUR), the EU has agreed to provide aid for the populations affected by the consequences of liberalisation.

No really ambitious development policy can be implemented outside of a multiannual framework that protects it from economic hazards. The share of the budget allocated to development assistance must therefore be made secure and the EDF must be integrated into the budget.

The ETUC welcomes the Commission's proposal for a thematic programme in support of non-State actors in the development process, while stressing the importance of recognising the specific role of the social partners.

II OWN RESOURCES AND POTENTIAL ADDITIONAL RESOURCES

The ETUC maintains that there is a need for a general increase in the EU budget and that over and above the need to increase the level of investments, their quality, real impact and sustainability need to be guaranteed.

It is wrong to claim to want more Europe while reducing the resources available to it. The Commission has pointed out that, given the asymmetrical effect enlargement will have on the Community

budget, the preservation of the *acquis* alone requires a stepped-up financial effort.

When all is said and done, an excessive limitation of own resources would require the Union to make cuts in all existing policies and to abandon commitments it has already made. If, on the contrary, the EU decides to respect the financing framework of the Common Agricultural Policy decided up to 2013, all subsequent cuts imposed by the decrease in the Community budget will have harmful repercussions, mainly in the structural and cohesion policies and especially for phasing-out regions.

With regard to the needs resulting from EU enlargement, the level of development of most of the 10 new Member States, which will rise to 12 in the financial framework under consideration, lags behind that of the Europe of Fifteen. Accordingly, effective financial support to ensure their expansion will require new resources, which will represent amounts increasing over time.

It is impossible to assume and finance new priorities (e.g. development of citizenship, justice and security, new neighbourhood policies, and international commitments) while maintaining the same budgetary revenues that until now have financed fewer priorities.

In view of these observations, the ETUC believes there is a need to surpass the reservations of the countries that have called for limiting the Community budget to 1% of GNI, as well as those of the Commission and European Parliament, and to increase the own resources of the Community budget for the new programming period 2007-2013, bringing them beyond the budgetary framework in force that puts a ceiling of 1.24% of GNI. To this respect the ETUC recalls the proposal submitted by the European Economic and Social Committee (ECOSOC) to bring them up to a maximum amount of 1.30% of GNI.

Since the Commission has not proposed any new own resources for the immediate future, the system will retain its current structure. The current system is criticised for its lack of transparency and its complexity, so the ETUC welcomes the proposal for a debate on how to correct its imperfections. Such a debate cannot be limited to any

particular aspect, but must reassess the structure of both resources and expenditure.

Enlargement and the solidarity it requires, as well as the focusing of European policies on the Lisbon Strategy objectives, constitute an opportunity to give thought to a new system of own resources and a European income tax. We have to decide whether the EU wishes to attain its objectives and whether the Member States are ready to contribute to common policies whose effectiveness and necessity they recognise, based on solidarity and in a more democratic way.

The EU financial perspectives are the expression of the Union's political aspirations. They are based on the idea that the economic benefit each country draws from membership of the Union exceeds the strictly budgetary cost of its participation. Europe constitutes the relevant level for certain expenditure and investments. It is that European added value, and not efforts to ensure a 'juste retour' based on the calculation of national net budget balances, that must guide reflection.

On the question of indirect resources, the ETUC also recalls the proposal submitted by the ECOSOC, namely the possible creation of a European transport infrastructure fund that would be financed by a levy of one cent per litre of fuel consumed by all vehicles.

On public-private partnerships (PPP), the ETUC takes note of the Commission's proposal to try to find additional financial resources to complete public sector funding. Public-private partnerships make it possible to involve the private sector in projects of general interest. It is nonetheless important to learn the lessons of negative experiences and to take account of the risks that can stem from PPP agreements. We also believe that private-public partnerships (PPP) will not contribute to the major networks. There is a need for clear criteria, particularly for the use of funds in support of PPPs. The ETUC remains critical of PPPs as long as citizens are not involved in the choice of infrastructures and services they finance and use every day.

Finally, it is our view that there is a need to mobilise European and national funds, along with the European banks (EIB, BERD and EIF), and to ensure access to European loan capital.

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