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ON THE OFFENSIVE
For: Social Europe
Solidarity Sustainability

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I. TIME TO FACE THE FACTS: LACK OF REAL EUROPEAN COOPERATION AND LEADERSHIP IS WHY THE LISBON STRATEGY IS NOT WORKING

1. Important parts of Europe are doing poorly. And it is not just the ‘economic’ child who is suffering from low growth and failing recoveries, Europe’s social child is also in the doldrums. Poverty is on the rise. Precarious jobs that pay poverty wages, provide little or no security, give no access to training nor a prospect of moving to a better job are spreading throughout Europe. In many countries, they represent a quarter or even a third of all employment. One quarter of people living at risk of poverty actually have a job, but a job that does not pay a decent living wage. Real wages, on average, are standing still and workers are no longer participating in the fruits of productivity increases. Many of them are being blackmailed into accepting pay cuts and working longer hours while profits are soaring and an elite ‘happy few’ are enjoying unimaginable perks.

2. This is no coincidence. Nor is it the inevitable consequence of the European approach of combining market activity with social corrections, of trying to keep societies ‘whole’ by preventing sharp inequalities between winners and losers from widening. This can be seen clearly from the fact that a number of member states, in particular in the Northern part of Europe, do quite well in economic terms exactly because they also focus on social cohesion and social Europe. Instead, the real culprit is to be found in economic policymaking, in the abuse that the European Economic Model is making of the concepts of competitiveness and stability.

3. In the name of ‘competitiveness’, member states are outbidding each other for the lowest wage, the most flexible labour regime, the least labour rights and the lowest taxation on profits.
They are all too often implementing ‘beggar-thy-neighbour’ policies in a vain and counterproductive attempt to attract to their country a larger piece of the industrial base remaining in Europe. They are not working together to strengthen and enlarge the European economy as a whole by investing together in research, innovation and knowledge for everyone. They are involved in competing with one another for a larger piece of the cake; they are not trying to enlarge the cake. And in doing so, the cake itself is shrinking. Europe is competing itself out of demand, out of business and into a social and economic disaster...

4. In the name of ‘stability’, central banks and governments are leaving the responsibility for recovery from the slump to others, and hence to no one. In the name of ‘stability’, a vicious circle has been activated, in particular in the euro area. To fight inflation, monetary policy is keeping the economy below potential. To fight the public deficits operating below potential brings with it, governments are hiking indirect taxes that push up price levels. The cycle of ‘madness’ is closed when the central bank starts hiking interest rates to fight the imaginary inflation danger coming from higher indirect taxes. This is not ‘stability’ but economic disaster. The stability reached in this way is the ‘stability of the economic graveyard’!

5. The ETUC does not want less Europe. Europe’s workers demand a different and better Europe. We want a Europe that shows real cooperation and strong leadership. A Europe that does not leave member states on their own to face the cut-throat competition they are creating amongst themselves. A Europe that stops the race to the bottom by establishing and enforcing a social level playing field. A Europe that rules out unfair competition that comes at the expense of wages, working conditions and social benefits. A Europe that guides and helps member states in making the right decisions: to invest in research and innovation for sustainable development, to invest in a skilled and secure workforce. A Europe that uses the strength of working together by coordinating a European growth initiative, pulling the economy out of the slump and staging a strong recovery. The real way forward to achieve the Lisbon objectives is not ‘competition at any cost’, but European cooperation and leadership.
II. TIME TO MOVE UP THE SOCIAL GEAR. TIME TO CHANGE DIRECTION AND STEER THE EUROPEAN ECONOMY AWAY FROM THE ECONOMIC CLIFF EDGE.

6. Getting Europe to move on the Lisbon road. Kick off and maintain a cycle of high sustainable growth and high investment. Macro-economic policies should make sure the ongoing recovery continues, not kill it by raising interest rates too rapidly. They should do everything they possibly can to turn Europe into its own engine of growth before global imbalances strike and destroy the growth in export markets in the rest of the world (in particular the US). Neglecting a kick-start for high growth is a mistake that cannot continue indefinitely.

The ETUC urges the European Council to change its model of economic policy-making, to assume responsibility for dynamic domestic demand inside Europe, instead of leaving that responsibility to others. A European Growth Initiative that seeks to score a 'double dividend' of investing in the Lisbon priorities and getting the economy out of the slump should be set up. Plans to cut deficits should take the fragility of the recovery into account. And the cycle of 'madness' of governments hiking up indirect taxes providing European central bankers with an alibi for hiking up interest rates should be brought to an end.

7. Put social justice and fair working conditions at the heart of the agenda for productive change. In its communication for the Spring Council, the Commission states that 'social justice should be strongly emphasised when making labour markets more responsive to change'. The ETUC calls upon the European Spring Summit to take this further. Social justice is about access to decent jobs, about access to basic and continued training and about access to high level systems of social security, based on the principle of solidarity.

Social justice can make change more acceptable. It prevents human capital from going to waste and promotes investment in it. It forces employers to look for an innovation-based approach instead of going for the easy option of cutting wages and forcing bad working conditions upon workers.
The ETUC invites European leaders at this Spring Summit to underline strongly that social justice is a powerful force for productive change, that Europe needs a workers’ rights’ based approach to structural change.

The policy agenda this implies is one of fair working conditions. To work smarter and not longer. To reconcile family and work life. To make worker-friendly workplaces adapted to people’s real needs. To support reorientation of workers that are hit by restructuring. To promote lifelong learning. To control excessive forms of flexibility and precarious jobs. To guarantee fair and decent wages and protect workers from the burn-out caused by a culture of long working hours.

We call upon the European Commission, the Council and the Parliament to present a road map for social justice and fair working conditions to make productive and positive change happen. As a first step, positive examples of labour market flexibility promoting innovation and upward transition need to be identified. As a second step, European legislation and renewed European coordination of labour market policies to remedy or to eliminate excessive flexibility need to be considered and implemented. In all of this, the social partners need to be closely involved.

8. Make major efforts to achieve gender equality Increasing the participation of women in the labour market is crucial to reach the Lisbon criterion of a 70% employment rate. Gender equality and gender mainstreaming, which are important on their own, are key to this. Ensuring that women can participate in the labour market on the same conditions as men and ensuring the combination of professional and private life will promote female employment, Europe needs to pursue an agenda of equal pay for equal work, of addressing multiple discrimination (ethnic minorities, insecure working conditions, double work burdens), of a better work-life balance by, amongst other things, promoting parental leave for both women and men. In line with the letter written by 6 heads of governments (European Pact for Gender equality), the ETUC urges the European Council and the Commission to include the dimension of gender equality in the National Reform programmes and the Annual progress report. This needs to include, amongst other things, the
objective of providing child care by 2010 to at least 90% of children between 3 years old and the mandatory school age and at least 33% of children under three years of age, as decided by the 2002 Barcelona council. It also needs to include the objective to substantially reduce the gender pay gap by 2010. The ETUC and its affiliates are ready to take an active part of this agenda.

9. **For a better and balanced regulatory framework.** The ETUC evaluation of the national reform plans on the issue of better regulation shows that there is a real danger that ‘less but better’ regulation is being replaced by a drive for ‘minimal and imbalanced’ regulation. We insist that the Commission and Member States make sure all impact assessments evaluate the economic, social and ecological impacts of possible regulation in a balanced way and not to give priority to short term competitiveness concerns. Moreover, the cost of not regulating, in particular the cost of non-social regulation, has to be assessed.

10. **The structural funds must contribute to the Lisbon agenda and social cohesion.** In the framework of the debate on the “EU financial perspective 2007 – 2013” the ETUC has supported the proposal to raise the proportion of expenditure related to the renewed Lisbon strategy to at least one third of the EU budget. For the ETUC the European Social Fund (ESF) is the privileged instrument for implementing the European Employment Strategy. It must remain in future! It implies that the ESF must make a greater contribution to attainment of the objectives set at the Lisbon European Council for the transition to a knowledge-based society and the promotion of lifelong learning. Furthermore the ETUC welcomes the creation of the Globalisation Adjustment Fund that would allow a rapid response to the problems of workers who lose their jobs owing to restructuring.

11. **Sustainable development must be a value-added of the Lisbon agenda.** The ETUC evaluation of the national plans regarding the sustainability and environment dimension shows that Member States limit themselves to general statements on how development of environment-friendly technologies and renewable energy contributes to job creation, and the impact on structural employment of environmental policies is ignored. Policies have to be designed so that job creation and environmental sustainability are integrated.
12. **Fair taxation policies needed.** The ETUC is concerned about the fact that several national reform plans intend to continue a downwards spiral tax policy and are announcing further reforms of corporate taxation, ending up in even lower tax burdens for enterprises, implying higher tax burdens or less social services for workers. Therefore, the ETUC notes with positive interest the Austrian presidency’s proposal advocating a European tax source which would not only make the debate on the European budget more rational but would also provide an opportunity to put ‘well established ‘floors’ in the competition towards lower levels of taxation for mobile income factors.

13. **Rebuild workers’ support for Europe.** Today, too many workers perceive Europe as a threat to their jobs, working conditions and social welfare. European leaders need to be aware of this and act on it. They should send out a clear signal that Europe is not only about competition and markets but that it is also about an internal market with a social dimension.

European leaders can and should do this by:

a. Taking the European Parliament’s vote on the Services Directive seriously and making sure that completing the internal market for services does not constitute a hidden agenda for weakening workers’ rights, autonomy of collective bargaining and trade union action, nor the right of governments to regulate in the public interest;

b. Taking a workers’ rights-based approach to the agenda of productive change;

c. Changing the European Economic Model by balancing stability-oriented policies with policies that support a dynamic economy.

The ETUC is prepared to discuss and advance a European policy agenda of fair working conditions, balanced flexibility and balanced economic policies that effectively provide opportunities for productive employment, in preference through the joint action programme of the European social partners.
III. IN MORE DETAIL: KEY DEMANDS AND PROPOSALS FROM THE ETUC

1. The need for a fifth key priority for the Spring Council: European governance to transform the recovery into a high and sustained growth cycle and to keep it from being squandered again.

While a recovery seems to be developing itself, it cannot be taken for granted that this recovery will transform itself into a mature business cycle. Especially for the euro area, experience of the last five years has shown that an export-led recovery is too narrow a basis for sustained and strong growth, and that policies to support domestic demand inside the European Union are necessary. In disregarding this dimension when presenting its four key action points, the Commission is again making the mistake of simply ignoring to start the Lisbon growth process. The ETUC urges the Spring Council to add a fifth key priority: Get Europe moving on the Lisbon road and kick off and maintain high growth by stimulating additional demand into the economy.

The ETUC urges the Spring Council to provide the Commission with the mandate to work together with national governments in coming months in order to:

a. Build a European coordinated growth initiative to score a ‘double dividend’. The growth and investment initiatives that are present in national reform plans must be put together, and governments that are completely missing out on this dimension being urged to introduce additional initiatives for growth and investment. The goal is to score up confidence by making a European growth plan highly visible and by publicly insisting on the increased impact on growth when Europe is acting together. Use should be made of the flexibility the renewed Stability and Growth Pact offers in case of structural reform efforts. A ‘double dividend’ should be pursued: Growth recovery from the slump as well as a stronger growth potential by increasing investment in R&D investment, training and upgrading of the work force, sustainable development initiatives and social growth.

b. Do not harm the recovery. The different stability plans and fiscal policy intentions must be put together by the Commission to see
whether they are consistent and whether a coordinated fiscal consolidation effort does not produce the opposite of what is needed: A broken recovery with rising, not falling, public debt ratios. If so, individual member states should be urged to adapt the pace of fiscal consolidation.

c. **Strengthening economic governance.** A clear and present danger for growth is the misunderstanding between monetary, fiscal and wage formation policies. The ECB must be kept from hiking interest rates to fight an inflationary danger that does not exist. Governments should beware of providing monetary authorities with wrong signals by hiking indirect taxes and administrative prices. And national social partners should avoid competitive wage moderation and pursue instead wage increases that are in line with trend productivity and inflation. The Macro Economic Dialogue provides a forum to strengthen this form of economic governance and to improve better mutual understanding. The ETUC calls upon the ECB in particular to use this instrument instead of putting the recovery at risk by hiking interest rates in order to convince collective bargainers of something that is already happening in practice.

2. **Putting social justice and fair working conditions at the heart of the agenda for positive change.** For the ETUC the question is not whether workers should adapt or not adapt to globalisation, technological developments and ageing. The question is how to adapt in the right way and ensure upward flexibility and upward mobility. Cutting wages, working longer hours and excessive flexibility is not the answer to the enormous expansion of the global workforce and will only serve to intensify the problems by destroying internal demand dynamics in Europe. Instead, the correct answer is to move the European economy up the technology ladder (innovation and industrial policy agendas) and to ensure that as many workers as possible are able to take part in this process of economic and technological upgrading (the agenda of labour market agility as opposed to an agenda of labour market deregulation).

**Social justice plays an important role in the process of ‘change to make things better’.** Social justice can make change acceptable, by
ensuring that the benefits of globalisation are not restricted to a small group of winners and by preventing big groups of workers (lower skilled workers, older workers) from being left out in the cold. Social justice, moreover, implies institutional arrangements that ensure fairness on the labour market. And fair working conditions, if implemented well, are an essential key to maintain and improve human resources and prevent it from going to waste. More people will be drawn into productive jobs when key workers’ rights are taken out of ‘cut-throat’ competition:

a. A right on a working hours’ regime that prevents workers’ burn-out and human capital from going to waste. A regime of (weekly) working time that is adapted to the needs of workers and their families is essential to prevent labour and skills from going to waste. This is in particular true from a gender perspective. On the one hand, a culture of long working hours is detrimental to the work-life balance of families. It either forces many women out of the labour market or obliges them to do part-time jobs beneath their skill levels. On the other hand, employers often only offer part-time jobs as they believe this promotes the flexibility of their organisation, thereby locking workers into part-time inactivity. To fight these malpractices and the waste of human capital they imply, workers need the right to maximum hours of work a week as well as the right to work full-time.

b. Gender equality. In general, gender inequality and the problems that women face on labour markets (double work load at home and at work, pay inequalities, incomplete social security coverage, unbalanced access to quality jobs and career prospects) work to depress female participation. Besides quality and affordable care facilities, addressing gender inequality in all its forms is necessary if we want to avoid waste of human capital and increase employment rates in Europe.

c. Negotiated, worker-friendly flexibility and an adaptable workplace. If employment rates of currently underemployed specific groups (women, young and older workers) are to be increased, then measures need to be taken to make workplaces, working time schedules and job contents more worker-friendly
and adapted to different categories of workers (young parents, older workers, workers suffering from sickness).

d. Job protection and prior notification combined with the right to productive reinsertion of retrenched workers. Prior notification of retrenchment prevents workers from falling immediately into the ‘black hole’ of unemployment and gives them time to prepare and make a better start to find a new productive job once they become unemployed. In addition, this time frame also provides the opportunity for public employment services and/or social partner retraining funds to support retrenched workers right away, instead of picking them up after several months of unemployment. In this way, prior notification combined with immediate active support have the potential of upgrading workers and moving them into new and decent, well paid jobs. In contrast, free ‘hire–and-fire’ systems ignore the need to upgrade retrenched workers ‘on the spot’, thereby tending to force them into accepting any kind of job afterwards. Again, this is a waste of workers’ potential!

e. High level unemployment benefits combined with ‘active learnfare’ policies. High level unemployment benefits also serve the purpose of investing in human resources. They provide the unemployed with the financial means to re-enter the labour market, to engage in retraining and to prolong their job search in order to find jobs that match their skills, instead of being forced to take up jobs that are far below their potential and which work as a ‘bad job’ trap. What is essential here is that the European Employment Strategy keeps and strengthens its focus on investing in skills and education. The Commission’s intention to extend active support for young workers, from 6 months to 100 days’ unemployment, is to be welcomed. But disappointing is the fact that the other precise objectives on offering other unemployed and long term unemployed a new start have not been fully taken up by all member states in their national reform plans. The ETUC urges the Commission and the Spring Council to correct this and ensure a close and country-level follow-up.

f. Controlling forms of excessive flexibility Jobs that are excessively flexible function as a bad jobs trap in which workers remain stuck. These ‘bad job traps’ need to be corrected by providing
these workers with ‘equivalent’ rights and access to social protection and general working conditions; with decent wages and broad access to high-quality training schemes.

g. Finally, the ETUC demands a policy that secures jobs as well as job transitions in the interest of workers. In particular this implies:

- quality jobs for all workers;
- Basic education and lifelong learning training focussed on the needs of workers and employers and effectively leading to employment;
- High level social protection based on the principle of solidarity, in particular during periods of unemployment and/or career breaks so that the situation of being without a job does not result in social exclusion or a higher risk of poverty.

These measures come at a cost. That is why the ETUC also requests that the financial base of public social security systems be secured by:

- Looking to implement a structure of social security contributions that puts less weight on employment, in particular on firms using a high input of labour;
- New sources of finance, based on all revenues, so that all cuts in social security or tax contributions are systematically compensated through the State budget and/or other sources of revenue.

3. Better regulation, yes. Imbalanced simplification, no!

The ETUC evaluation of the national reform plans on the issue of better regulation shows that there is a danger that ‘less but better’ regulation is being replaced by a drive for ‘minimal and imbalanced’ regulation:

a. Better regulation is mainly focussed on business: Better regulation for citizens is not a high priority issue, the need for better regulation for citizens is rarely mentioned (only Greece, Spain);

b. Social impacts are neglected: Only a few Member States refer explicitly to all three dimensions of impact assessments (for
example Denmark). Many don’t even mention social impacts and some have even excluded the social impact from the design of impact assessments. Similarly, the Commission is not even addressing the need for conducting balanced assessments. At the same time a new study initiated by the European Parliament shows that many impact assessments made by the Commission are not assessing social consequences in a systematic way either;

c. A one-sided focus on administrative costs/standard cost model: The standard cost model that was initially developed in the Netherlands is used in some member states (NL, DK, SV, UK), whereas others plans to do so or have launched studies or pilot projects to assess the instrument (for example. Germany, France, Estonia). Some member states indicated to wait for a European methodology (Luxemburg). The ETUC is rather critical on the Commission’s intention to impose on all Member States to adopt and implement a method to measure administrative costs for national rules and regulations.

The ETUC insists that the Commission and Member States make sure that all impact assessments evaluate the economic, social and ecological impacts of possible regulation, and this in a balanced way and without giving immediate priority to short term competitiveness concerns. Moreover, the cost of not regulating, in particular the cost of non social regulation, has to be assessed.

The ETUC will closely monitor this process to ensure that the design of the instruments does not result in a shift in the balance of the three pillars of the Lisbon strategy in favour of a mere business-oriented approach. Improving the regulatory framework is useful but requires a more balanced approach, both at the European level and at the national level.

4. Lisbon agenda and structural funds: Shifting from social cohesion to competitiveness?

a. In the framework of the debate on the “EU financial perspectives 2007-2013”, the ETUC has supported the proposal to raise the proportion of expenditure related to the renewed Lisbon Strategy to at least one third of the EU budget.
b. For the Structural Funds, however, we cannot accept President Barroso’s proposal requesting each Member State to bring the share of cohesion expenditure devoted directly to competitiveness to an average minimum of 60%. The ETUC remains of the view that there needs to be a balance between the three pillars – economic, social and environmental – of the renewed Lisbon Strategy, and that this balance also needs to be reflected in the structural fund spending.

c. The European Social Fund (ESF) is the privileged instrument for implementing the European Employment Strategy. It must remain so in future. The EES must become part and parcel of national, regional and local labour market policies and of the ESF objectives. It implies that the ESF must make a greater contribution to attainment of the objectives set at the Lisbon European Council for the transition to a knowledge-based society and the promotion of lifelong learning.

d. The ETUC reiterates its support to the Commission’s proposal whereby, under the convergence target, at least 2% of ESF resources would be allocated to capacity building and activities undertaken by the social partners.

e. Furthermore the ETUC welcomes the creation of the Globalisation Adjustment Fund that would allow a rapid response to the problems of workers who lose their jobs owing to restructuring. However, we consider that the Fund should be used consistently with the future Structural Fund programmes, as proposed by the Commission, 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.

In the same logic, the ETUC calls for the social partners at different levels to be involved in all stages of the process of managing actions carried out in the framework of the Globalisation Adjustment Fund. The ETUC urges the Commission to stipulate the modalities of the consultation in the proposal requested by the European council.
5. Does the Lisbon agenda provide added value to sustainable development?

The Commission's Communication states that the Lisbon objectives must be achieved while respecting the imperatives of sustainable development. For the ETUC, sustainable development means that economic, social and environment policies should be pursued in a mutually reinforcing way.

Our evaluation of national plans regarding the sustainability and environment dimensions shows that:

a. The potential of environment protection for quality jobs and social cohesion is neglected. Most of the time, Member states limit themselves to general statements on how development of environment-friendly technologies and renewable energy contributes to job creation. Only a few of them try to design policies so that job creation and environmental sustainability are integrated.

However, gains from action in environmental protection depend on progress made in other policy areas like employment, education, training, social cohesion:

- The return on investment in renewable energy and energy efficiency is maximised if the education and training conditions are in place to convert it into high quality jobs;
- Investment in energy renovation of social housing brings energy efficiency, job creation and reduced heating bills;
- Both employment and a better environment could be promoted by partly shifting the tax burden from labour to capital, environmental goods and natural resources, while avoiding any negative impact on the level of public services and social security provision and paying attention to the social impact;
- Public procurement (which represents 17% of EU GDP) rules can be used to advance social and environmental goals such as access to training to all workers and clean goods and services.

b. Structural employment impacts of major environmental policies are ignored. The EU is committed to achieve ambitious
goals in terms of reduction of greenhouse gases emissions and chemicals safety which will have major potential impact on jobs and skills in all economic sectors. Governments, labour market institutions and social partners need to anticipate and plan for implementation of policies that aim at compensating the negative consequences for workers, their families and the communities in which they live.

c. The ETUC agrees on the need for coordinated action at European level on energy issues but criticises the Commission’s narrow view. The ETUC supports the need for an integrated EU energy policy which provides collective answers to increased import dependency, climate change and unequal access to energy services. The emphasis on resource efficiency, rational use of energy, renewable energy and clean coal technologies is strongly supported. An appropriate regulatory framework should be put in place, and priority should be given to developing EU legislation.

6. Fair taxation policies

The ETUC underlines that the basic objectives of taxation are to pursue a fair distribution of income and to finance public goods, public services and social security.

However, several rounds of ‘we’ll host you cheaper’ initiatives at member state level are putting these two basic functions of the instrument of taxation under pressure. Such ‘beggar-thy-neighbour’ policy in the field of taxation is particularly outspoken for those factors of income and production that are mobile, that is to say corporate taxes, wealth taxes and taxes on income from capital.

In particular, overall corporate tax rates in the EU declined from 46% on average in 1980 to 40% in 1990 and to 32% in 2003, declining still further afterwards. Conspicuous is also the fact that real tax burdens or “effective implicit tax rates” (which are very different from headline tax rates) are rather similar between ‘old’ and ‘new’ member states (effective or implicit tax rates: EU 15 average : 19.3 %, EU 10 average : 19 %) and have now reached a relatively low level (share of corporate taxes in GNP limited to 3.1 % for the EU 15, and 2.7 % for the new member states, whereas shares of profits in GNP are high
and rising). This points to the detrimental effects on public finance of excessive competition between member states to attract the most foreign investment through the most favourable corporate taxation regime.

The ETUC is much concerned about the fact that several national reform plans intend to continue this downwards spiral and are announcing further reforms of corporate taxation, ending up in even lower tax burdens for enterprises, implying higher tax burdens or less social services for workers.

Therefore, the ETUC notes with a positive interest the Austrian presidency proposal advocating a European tax source which would not only make the debate on the European budget more rational (making the discussion on net payer and net recipient no longer relevant) but would also provide an opportunity to put ‘well established ‘floors’ in the competition towards lower levels of taxation for mobile income factors.

Taxation plays a leading part in the Member States’ contribution to the European budget; we must therefore ensure that the financial perspectives pay sufficient attention to the financing of a social Europe.
PREAMBLE

The Green Paper on energy lays the foundation for a more integrated European energy policy. The Commission proposes that the policy be based on three objectives: energy supply security, competition and environmental protection. The member states have voiced, on several occasions in 2005, their willingness to cooperate in finding solutions to the European Union’s energy problems.

So far, the Lisbon strategy has neglected energy-related issues. However, recent developments show that energy could turn into a bottleneck if the EU does not quickly change its current energy model. If current trends continue in the way energy and transport are used, the EU will become overwhelmingly dependent on imports for its energy supplies and will have a hard time keeping to commitments to combat climate change.

The ETUC is convinced of the need and urgency of a European energy policy that will lead Europe down the road to sustainable development. Quite obviously, the liberalization of gas and electricity markets has not provided suitable solutions to these issues.

Statements on energy issues made by the ETUC take on their full meaning if we consider that changing the energy model will lead to, on one hand, significant restructuring that must be both anticipated and properly managed and, on the other hand, to positive opportunities for employment and social cohesion that should be capitalized on.

The ETUC regrets fact that the Green Paper ignores the social dimension of the energy policy. This omission contradicts not only the fundamental goals of the Treaty, it also fails to recognise that the acceptability of different measures will largely depend on the inclusion of the social impact – both positive and negative – in terms of price, access to energy, employment and occupational health and safety. A European energy system can only be sustainable if the
The social dimension is clearly identified and backed by appropriate policies. Efforts to reach these goals must in the first place be made by us. Europe cannot ask third countries for help to maintain an unsustainable energy system. The external policy instruments that the Green Paper strongly emphasizes are useful for securing energy supply; however, they must be regarded as a complement to specific actions that aim to reduce final energy consumption and to develop available energy sources in Europe.

I. PROMOTING A EUROPEAN ENERGY POLICY

The ETUC would like the Green Paper to open a broad, democratic debate, involving European citizens and organized civil society in Europe to discuss the objectives, scope and means for EU intervention in the field of energy.

Energy systems are made up of interdependent elements. Changing one would considerably affect all the others. The European Union's energy security therefore requires EU action on both energy supply and demand as well as on the right market regulations at EU level.

So far, EU actions have focussed on guiding energy demand and on completing the internal market. Choices made with respect to energy supply – strategic stocks, range of energy resources, relations with producing countries – remain very national in scope, with the notable exception of the renewable energy Directive.

The energy policy must take up a range of challenges:

- Eliminate social inequality caused by unequal access to energy services;
- Work toward supply self-sufficiency;
- Guarantee responsible management of resources that are being threatened with depletion or scarcity in the medium-term, such as oil, natural gas and uranium;
- Combat global warming caused by the intensive use of fossil fuels and tackle the civil and military risks involved in the use of nuclear energy;
- Prevent energy inflation from having an impact on wages.

The ETUC believes that four major concerns should guide the European Union in dealing with energy matters with a view to
achieving significant progress towards sustainable development:

- Strengthen public and democratic energy management
- Reduce energy consumption
- Ensure secure supplies
- Diversify energy sources

II. STRENGTHENING PUBLIC AND DEMOCRATIC ENERGY MANAGEMENT

A. TRANSPARENCY AND DEMOCRACY

Energy is a unique commodity; it plays an essential role in economic development, human dignity and the environment. This is why energy choices must be transparent, allowing for the active participation of citizens and democratic control.

These conditions, however, are not being met in the liberalized market. The withdrawal of the state has opened the doors to powerful private oligopolies, whose choices in terms of supply sources and investment are beyond the knowledge and the ability to intervene of the public and the workers of the companies concerned.

The ETUC is therefore calling for strengthening workers' rights to information and to participation, as well as for social dialogue in the energy sector. Moreover, these rights should be established in all companies when decisions are made that concern the energy and the environment.

The national energy regulators should allow broader participation and bring on board representatives of all the interested parties, including unions and consumer organizations, where this is not the case.

B. PUBLIC ENERGY SERVICE

Every person and every country has a fundamental right to energy services. The challenge is providing needed energy services to 10 billion people in today's world of increasing economic inequality. In the European Union, millions of people are deemed to be living in energy poverty.

This is why it is vital that we give shape to the European public service (general interest service) and entrust it with the goal of guaranteeing access to energy for all, in addition to other general interest missions, such as protecting the environment, reducing inequality amongst people, regions and member states as well as job creation.
The ETUC defends the right of all European citizens to have access to energy and heating. Particular attention should be paid to vulnerable consumers. The provision of social tariffs and the protection of vulnerable consumers should be the tasks of the energy regulators in all the EU member states. It is unacceptable that in some EU countries regulators do not offer social tariffs.

More structural measures must also be taken in order to reduce the energy bills of lower-income households, such as housing insulation and improved public transport service.

It is also necessary to negotiate a genuine right to energy, in light of the fact that this right could be soon recognized by the UN. It would derive from human rights as laid down in the UN's 1948 universal declaration. These rights are incumbent on all people and on all countries. The European Parliament and the states must be the guarantors of these principles that also relate to the choice to distribute wealth differently.

C. AN INDUSTRIAL ENERGY POLICY

The European Union needs a real industrial energy policy; it is obvious that the internal market policy is not sufficient to provide it.

The opening of the internal market for energy and the bid to accelerate the process have been carried out precipitously. Along with the restructuring in the energy sector, they have resulted in many job losses, a drop in investment and short-term price instability. Current management practices, along with job insecurity and outsourcing trends, undermine the safety of people and facilities. All of this makes it even more difficult to guide a long-term strategy.

The ETUC strongly believes that the public authorities must have firm control of the energy sector. Energy requires that the long-term issues always be examined, something that the market or the private sector cannot do. Furthermore, in the forthcoming years, European countries will be forced to renew their production facilities. Industrial sectors, employment and the know-how that go along with them, as well as research and industrialization capacity, will have to be preserved and developed.

The ETUC believes it is urgent that the public authorities regain their ability to manage the energy system. A European industrial policy on energy could contain the following elements:

- A long-term programme for investment in energy production
and grids, based on anticipated energy demand, national import and export capacity and interconnection capacity at EU level;
■ A true European strategy for research and development as well as for public and private investment programmes in renewable energy sources, hybrid cars, energy efficiency technology to reduce emissions of greenhouse gas, hydrogen, carbon capture, etc.;
■ Innovative mechanisms to develop additional resources to help renewable energy and energy efficiency get off the ground, notably by making use of a share of the profits from historic operators;
■ Professionalization of new industrial sectors, the training of many technicians and engineers to promote the development of renewable energy and, in the medium-term, the development of hydrogen.
■ The public authorities should set in motion social guarantees for all workers in the energy sector and these new industrial sectors;
■ Suitable market regulations are required. The ETUC holds that the impact of the liberalization of the electricity and gas markets should be evaluated without any preconceived notions. Electricity and gas prices should be made more transparent and stable for all consumers, including industrial consumers. This is an essential prerequisite for European economic development.

III. REDUCING ENERGY DEMAND

Reducing final energy consumption is inevitable if we are to curb all the restrictions resulting from the rapid and continuous increase in consumption, such as exhaustion of resources, CO₂ emissions, nuclear risks, conflicts relating to renewable energy use and territory.

Two types of actions will help to reduce demand: energy efficiency, consisting of providing the appropriate services (transport, heating, industrial processes, etc.) by means of the most energy-efficient technology and, second, energy conservation in order to cut back on unnecessary consumption.

A. Varied benefits

The view of the ETUC is that reducing energy consumption is urgently needed, with targets for mobilizing people and that are binding on the Member States, in order to avoid fluctuations in effort caused by the prices of oil. The 2005 Green Paper on energy efficiency
proposes to return to 1990 levels of consumption by the year 2020 by achieving a reduction in consumption of 20%, equal to a savings of 60 billion euros per year. Such a move would even be profitable because energy production and distribution costs are very often higher than actions to conserve energy.

The potential for job creation in energy services, renovation and insulation programmes and efficient technologies is enormous. However, training and education measures and a forward-looking stance in bipartite and tripartite social dialogue would help to guarantee that this investment is turned into high-quality jobs.

B. THE PRIORITY SECTORS

The sectors that have the best potential for energy efficiency should be targeted. The primary aim is to reduce line losses by reducing energy transport distances. Production, from local sources, should be carried out at sites closer to the consumers, in particular by making greater use of heat-electricity cogeneration.

The transport sector, which today accounts for more than half of oil demand, and the building sector offer the most room for improvement. The ETUC will continue to emphasize the need for public investment for energy renovation in social buildings (subsidized housing, schools, etc.), combined with the use of renewable energy sources, in particular in the new EU Member States, who offer the largest opportunities for energy conservation.

An adjustment in transport modes in favour of alternatives to road deserves a more forceful effort at EU level, alongside social regulations in the road transport sector aligned with the most favourable common, especially in terms of work time.

Energy businesses should be encouraged to provide services to the consumers that consumer less energy. The creation of energy service companies should be a goal of the internal market.

C. THE MEANS

The ETUC affirms that state intervention is indispensable because it alone can take charge of the general interest and to have a long-term view. Energy oversight requires regulatory, fiscal, public investment and research and development means, without forgetting awareness and training. Transport and urban planning infrastructure policies, which help to structure irreversibly the nature and quantity of energy spending over the long-haul, will play a key role.
The participation of workers, in the workplace and in the sectors, has proven to be effective for initiating energy conservation policies, in particular for staff travel. This potential should be strengthened by giving employees the right to information and consultation on issues relating to energy and the environment.

The EU CO2 emission trading scheme, set up in 2005, could be supported by the ETUC on the following conditions: its running must be transparent; the rules for allocating quotas should be harmonized at EU level in order to avoid competitive distortions; and prices must be sufficiently high and stable in order to encourage a real and measurable decrease in emissions. Close attention should be paid to those sectors where the introduction of the quota market would bring about real competition losses owing to competition on the world markets. Support measures for R&D, innovation and, where appropriate, training, retraining and access to the labour market for workers, should all be envisaged.

IV. SECURE EXTERNAL SUPPLIES

A. ENERGY DIALOGUE

The ETUC believes that securing external supplies should be a linchpin of a European energy policy, a notion that which would complement efforts to reduce consumption.

The European Union must stand united in its relations with outside energy suppliers and must promote, via these dialogues, a social dimension featuring respect for human and trade union rights, in addition to democratic principles.

The EU should also promote dialogue with the stakeholders, involving both sides of industry, environmental organizations and communities, and encourage debate and discussions on energy-related issues.

Future cooperation between the EU and Russia should be extended to include social aspects as well as energy efficiency and technology transfers in the wake of the ratification of the Kyoto Protocol by Russia in 2005.

B. STRATEGIC STOCKPILES

An effective European energy policy cannot overlook the importance of a sound management of strategic stocks. Such management would ensure regular supplies of oil and natural gas, including in the
event of a complete shutdown of outside supplies, and would discourage the use of oil and natural gas supplies for political purposes.

In the case of oil, this could require criteria for the exploitation of oil fields located in Europe, which in turn would call for a careful management of resources, along with a minimum European refining capacity.

In the case of natural gas, effective action requires planning for the compulsory accumulation of strategic stocks in keeping with the principle of reciprocal assistance among member states.

V. DIVERSIFYING ENERGY SOURCES

A. GREATER USE OF RENEWABLE ENERGY

Europe must diversify its energy sources by means of an ambitious adjustment in favour of renewable energy to the detriment of fossil fuels.

The development of a renewable energy sector may offset job losses caused by changes in the energy sector. Looking ahead to 2010, this sector could create one million jobs in Europe, a significant share of which would be local jobs. Renewable energy generates innovation that could spread to other sectors of the economy; one example are the new materials developed in the wind energy sector.

The potential of renewable energy in Europe is far from being realized. The challenge is to set up support policies, without forgetting that for many decades, all energy sources have always been subsidized in Europe.

The ETUC supports the idea of binding targets for renewable energy, beyond 2010, in order to give investors and training structures a long-term view. It is important for every Member State to keep to the renewable energy use objectives that were drawn up for 2010 in order to maximize the positive impact on local employment and town and country planning.

Today's R&D efforts are not enough. The International Energy Agency (IAE) estimates that only 8% of total research budgets in the energy sector is devoted to renewables. At the same time, financial incentives must be provided in the context of the liberalized markets.

The ETUC highlights the importance of the proposals put forward in the Energy Green Paper for developing further renewable energy, including a new Directive on heating and cooling.
B. MAINTAINING ENERGY OPTIONS DURING THE ENERGY TRANSITION

The ETUC welcomes the Commission’s proposal to set up a common framework for national decision regarding the energy mix, by means of a Europe-wide strategic energy review. A democratic and transparent debate on energy sources, their advantages and drawbacks, is now necessary. The ETUC urges all involved in such an exercise to take account of employment in the various energy sectors, as well as the potential employment impact of the required transition.

In the next 20 years, renewable energy will not be able on its own to reduce the risks of energy shortages. Coal can be a part of the solution, provided that technology for clean-burning, carbon capture and storage are put to use. Coal is distributed in a more diversified way than natural gas and oil, and resources are considerable. Clean coal technology offers significant export opportunities in the emerging countries, provided that workers’ health and safety requirements are put into place, in particular in China and, closer to home, Ukraine.

Turning to nuclear energy, decision-making and implementation must be conducted in a fully transparent and democratic climate with a contribution of independent experts and scientists. That will require better protection of workers in the nuclear industry and adoption of strict rules for security and waste treatment as well as rigorous monitoring mechanisms. The proposed strategic review must absolutely examine how liberalized markets can help to meet these requirements.

CONCLUSIONS

In conclusion, the ETUC considers that the Green Paper offers some real prospects for an industrial policy in the energy sectors, for reinforcing services of general interest and for rendering EU policies more democratic.

Now, specific responses must be given to the facts that have been highlighted. Europe, in this area as in others, needs common policies and regulations. The market cannot resolve on its own the challenges of the 21st century.

The ETUC, as a trade union organisation, will play its full role in these debates and in the preparation of proposals.
ETUC and its affiliates strongly support the objective of creating a highly productive European economy and a social Europe, as laid down in the Lisbon Agenda. That agenda speaks out in favour of a ‘high road’ strategy and against a ‘low road’ strategy for industrial restructuring and wealth creation. However, following the ‘high road’ of a highly skilled, committed workforce and high productivity requires the acceptance by European companies of the broader notion of social quality, rather than just a narrow approach geared towards serving shareholder interests. In this connection, companies need to respect and consider the interests and wishes of their employees very carefully in the interests of achieving a high level of economic performance. EU company law initiatives should therefore endorse the emergence and evolution of a European model of corporate governance, fostering company boards’ orientation towards long-term value creation, high-trust labour relations, workers’ participation in companies’ decision-making processes and societal responsibility. Not only shareholders, but also workers, other citizens and the community at large have an interest in good corporate governance. Accordingly, the European corporate governance framework should lay down proper institutional conditions for companies to promote long-term profitability and employment prospects, define mechanisms that prevent mismanagement and guarantee transparency and accountability with regard to investments and their returns.

The current trend of global competition pushes companies to constantly expand to new markets and to implement strategies based on the cut of labour costs. Such strategies, however, require huge investments. The structural need to activate the financial leverage implies a pervasive presence of the the financial world (banks, investment funds, pension funds and insurance companies) in the companies’ risk capital, often with negative effects on the
governance functioning and decision-making processes. “New” models of governance are coming up and the “old” regulation cannot guarantee a suitable transparency of the market. The “illness” of European capitalism must be found in a lack of democracy and of transparency, together with the lack of participation of employees and stakeholders in the decision-making process of companies. The classical structure of industrial relations at national level could also be seen to be under attack. Fast changing markets, organisational flexibility, and new shareholding set-ups are obliging companies to re-arrange their governance systems. It is clear that a need for new models of corporate governance must be based on common rules or principles at European level and the role of employees in company governance must, once again, be at the core of this new regulatory framework.

The globalisation of both product and financial markets is causing countries with different legal corporate governance frameworks to compete with one another to attract investment. Financial markets are pushing companies to give priority to maximising profits and increasing shareholder value in the short term. Therefore, some people argue that those countries and companies which apply a corporate governance model focussing on the ‘market of corporate control’ as the leading mechanism for disciplining management have a clear competitive advantage. ETUC, by contrast, believes that a corporate governance model which motivates capital and labour to agree on all key elements of a company’s policy and management will certainly perform better in the long run. It will also introduce stability and enable orientation to long-term goals.

Well-balanced corporate governance is irreconcilable with investors exercising direct control over company policy. Certainly, the general meeting of shareholders has to be the forum where the board accounts for its actions to the company’s risk-bearing financial backers. However, the open character of the general meeting of shareholders in stock market companies precludes any truly meaningful debate on the company’s risks and strategy. Shareholder attendance at general meetings varies considerably. Consequently, careful, consistent and responsible decision-making at the general meeting is far from guaranteed. It would thus be irresponsible to place the company’s business in the hands of (the general meeting
of) shareholders. This fundamental fact raises serious doubts about the tenability of the concept of the financial market as a ‘market for corporate control’. ETUC believes that this concept is based on a simplistic representation of the relationship between investors and company executives as a ‘principal/agent’ relationship. Particularly in a battle for control, it becomes clearly apparent that the players on the stock exchange are driven not so much by the aim of long-term value creation, but rather by a perceived opportunity to make an instant profit on shares (by cashing in on a takeover premium). It is vital therefore that a company’s board and employees should be entitled to avoid unilateral changes in the governance mechanisms resulting from major changes in the company’s capital structure. In addition, overall labour standards should be unaffected by a company’s financial transactions.

With respect to corporate governance, shareholder models are contrasted with stakeholder models. The distinguishing criterion here is not whether or not ultimate control lies with the shareholders. Of course a company’s board should account to its shareholders, and shareholders need some way of intervening in the event of a loss of confidence. But the real question here is what checks and balances are needed to enable a company to maximise its profits in the long run and perform optimally in social and economic terms. In that connection, the preconditions for a sound corporate governance would appear to be that:

- the board takes up a position that is independent, so as not to become a plaything of stock market forces;
- the company’s executives are subject to expert, independent supervision by non-executives and/or supervisors, who constitute a buffer between the management and shareholders;
- these non-executives and/or supervisors are appointed in a manner that guarantees their expertise and independence from management and keeps them at arms’ length from the stakeholders;
- workers, through both their trade unions and/or works councils, are given a clear-cut role in the company’s decision-making system. Existing systems establishing workers’ involvement in decisions must be shored up to make sure they guarantee that due consideration is given to the viewpoint of the workers’ representatives.
Workers are not only parties to an employment contract, but at the same time are investors and citizens. Workers should be seen as participants in the company, just like shareholders, in the sense that they sustain risks arising from the company’s choices. They are concerned with corporate decisions in different capacities:

- as workers constituting the ‘human capital’ of a company and seeking a source of income for their livelihood, good working conditions and employment, regulated by both legislation and collective agreements;
- as investors, owning shares either directly or indirectly, for the most part providing an income for their retirement;
- as citizens interested in social justice and business ethics, not just locally, but also globally.

Corporate governance cannot be reduced to the problem of how shareholders (the ‘principals’) can control managers (their ‘agents’). Workers firmly claim the right to be fully involved in the strategic choices of companies in which there are employed.

In many European countries it is mandatory for the workers’ voice to be included in the national system of corporate governance. Indeed, in European companies, employee participation has deep roots and it operates in different ways. In 12 out of 28 EU and EEA Member States (including Norway), workers have a mandatory, legally binding right to be represented in company boards and to influence management decisions in both state-owned and private companies. Co-determination in these countries is a fact, diverse in structure, but deeply-rooted in different cultural and historically developed environments. Worker participation seems to work well in both single and two-tier board environments, making a positive contribution to companies’ performance. In other countries participation is the result of bargaining practices and also guarantees an influence on the strategic choices of the company. In any case, all the different participation models allow for different interests in the company to develop in full autonomy. European trade unions have no preference regarding these two models. They merely insist on respecting each of these historically developed structures. There is no evidence of an economic need to change or adapt systems in Europe to copy the US style of company management. On the contrary, an examination of micro and macro indicators indicates...
better performance by national economies with strong, widespread worker representation at board level, as recent studies conducted by the World Bank, the ILO and ETUI-REHS have shown.

The EU’s current policy on corporate governance is not reassuring, and it certainly lacks any clear direction. On the one hand, the European Works Councils Directive emphasises that ‘sound corporate governance’ requires labour relations in which workers’ participation in decision-making is statutorily recognised and guaranteed, as is the case with the European Company Statute, which allows for staff representatives to be assigned a seat on the board on a cross-boarder basis. This reflects the reality and legitimacy of a model whereby a multinational company is run in respect of stakeholders’ interests and in a spirit of social partnership. On the other hand, however, the European Commission and Council were narrow-mindedly led by the idea of a ‘market for corporate control’ to draft the thirteenth directive on takeover bids. It was only pressure from the European Parliament that resulted in this false orientation being adjusted to enable boards to take measures to defend the companies’ long-term interests and make the breakthrough provision optional. Of course the rules governing takeover bids needed to be improved and harmonised in the interest of the equal treatment of shareholders and the protection of minority shareholders. But this is different from relinquishing control over companies to the stock market, which is not a reliable compass for allocating control precisely because when takeover bids occur it is vulnerable to speculative fluctuation and exposed to greed for immediate gains.

The EU and its Member States should help develop a strong, reliable European model of corporate governance which should essentially be enshrined in European and national legislation and provide for:

■ Full transparency with regard to accounting and investments: the auditors responsible for verifying and certifying the accounts must be independent. This would not be the case if they, or the network to which they belong, are the marketing departments of the same company as that which they are responsible for auditing in the general interest.
■ A clear distinction between executive and non-executive
and/or supervisory board positions in both the two-tier and single board models. Incompatibility between responsibility as an executive and responsibility as chairman of the board in the one-tier model.

- The publication of details of the remuneration received by individual (executive and non-executive and/or supervisory) board members and top managers.
- Workers’ participation in the company’s decision-making process - either via representation on the company’s (supervisory) board (including a seat on its main committees), or through (central) works councils at company level or trade union representation - being allocated adequate consultation and participation rights.
- The awarding of rights both to shareholders representing a specified percentage of the company’s share capital and to representative trade unions to request a legal investigation into a company’s affairs and management if they arouse serious misgivings, and to have recourse to legal action if the investigation turns up proof of mismanagement.
- Mechanisms to promote long-term investment and responsibility, such as incentives to encourage long-term ownership.
- Upholding the ability of a company board’s – subject to judicial control – to counteract a takeover bid that may reasonably be deemed to be prejudicial to the company’s independent and long-term profitable entrepreneurial activities.
- Social audit must become a permanent and continuous tool to monitor and control transparency in order to ensure a balance between the economic aims of the company and its social responsibility.

Within the statutory framework, an additional role should be played by codes of governance, which ought to be based on a common understanding by the organisations representing all the stakeholders of the respective financial and labour markets. These codes of governance should be anchored in law through mandatory ‘comply or explain’ provisions. ETUC stresses that many national corporate governance codes suffer from a lack of legitimacy in that they fail to meet these procedural criteria and the requirement of representativeness. For the time being at least there is no need for a European Corporate Governance Code, since existing national
corporate governance codes have converged somewhat, whilst at the same time remaining distinct owing to their roots in different national systems. A national code on corporate governance is more important in those countries (e.g. the UK), which has sparser legal provisions, than in countries (e.g. Germany), where many elements of the national corporate governance code invoke existing laws.

One important basic contribution to corporate social responsibility by the European Union and its Member States entails the establishment and maintenance of a well-balanced corporate governance framework by legislation, whilst of course recognising that both one-tier and two-tier company board systems exist in Europe. This framework should basically enable and stimulate company boards to deliberately gear corporate policy and decision-making to long-term value creation, taking account of public interests and respecting fundamental rights and values. Certainly, companies are economic organisations which aim to generate profits, and they relate to the outside world through markets. But it would not be accurate to reduce companies’ social and economic significance to the outcome of such a drive for profits and thereby gauge it by the financial returns netted by owners or investors. Corporate social responsibility is the other side of the coin. ETUC thinks that values related to environment protection, equal opportunities, enhancing women’s employment, making the most of human resources, rights of employees and citizens should be endorsed in the economic activities of companies. The concept of social responsibility should be developed as well. It should not be considered any longer a mere outcome of the governance but it should be an integral part of the process of governance. ETUC looks with interest at practices of “control governance” based on transparency, disclosure and accountability of directors and company decisions. ETUC is concerned by the failure of attempts to find an agreement on the implementation of CSR tools. There is a risk that the entire reform of company law will lean just on the management-shareholders relationship and the “share value” approach and not therefore in tune with the European labour movement.

Many national corporate governance codes show a striking similarity in including workers as main stakeholders in a company. In this regard, for the most part they draw on the OECD Principles
governing corporate governance. Principle IV.C states that employee participation should be permitted to develop and help to improve economic performance. Most national codes on corporate governance, e.g. in the new EU Member States, include a chapter on the role played by stakeholders. In accordance with the OECD principles often invoked as the bases for such national codes, workers are explicitly mentioned as constituting an important stakeholder category. Just recently, a stand-alone principle on board-level worker representation was introduced into the OECD Guidelines on Corporate Governance of State-Owned Enterprises, and the value of such representation – in terms of contribution to the board’s expertise, information and independence – has been recognised (Guidelines VI.D). ETUC, operating in close contact with TUAC, shares the OECD principles as a minimum standard and asks the European Union, in coherence with its positions, to endorse them in its own initiatives on company law and corporate governance.
TO BOLSTER SOCIAL COHESION, ETUC WANTS AN AMBITIOUS AND EFFICIENT OMC APPLIED TO SOCIAL PROTECTION AND SOCIAL INCLUSION

Executive Committee, 14-15/3/06

1.1 According to ETUC, bolstering social cohesion and devising 'content' for the European Social Model, which consists mainly of high-quality, high-level social protection systems and a resolute battle against social exclusion, are European ambitions that need to be implemented by the Member States in connection with the streamlined open method of coordination. These ambitions will be reaffirmed at the forthcoming Spring Summit.

1.2 With a view to the summit, which should lead to the taking of concrete social policy decisions, on 22 December 2005 the European Commission published a Communication entitled Working together, working better: A new framework for the open coordination of social protection and inclusion policies in the European Union.

1.3. The Communication details the proposal devised at the informal Employment Council held in Varèse on 10 July 2003 on creating a streamlined framework for the various processes relating to OMCs for inclusion, pensions and long-term healthcare, which became the 'Open method of coordination on social protection and social inclusion' (OMC SPSI). One of the objectives of streamlining is

to encourage and improve exchanges between the Member States within the context of the OMC.

1.4. In a letter dated 16 September 2003, ETUC, together with the other European social partners, informed the Chairman of the Social Protection Committee, who was consulting them, that in principle it agreed with streamlining, in that it can contribute towards the implementation of more closely integrated policies that complement and reinforce each other.

1.5 At the same time, ETUC and its partners emphasised that streamlining should also be pursued in such a way that existing processes do not lose their identity or visibility.

1.6 At that time, even back then, the social partners had already voiced a number of concerns and fears:
- That grouping various processes would jeopardise the dynamic development underlying each of them at Member State level;
- that the definition of general common objectives could not take sufficient account of specific challenges thrown down in terms of the three processes and involving different actors and groups;
- that the absence of a clear definition of the role played by the actors involved, specifically the social partners, would not improve either their involvement or the consultation needed to implement and achieve the goals set.

2. With respect to the additional information provided in the aforementioned Communication on the Commission’s proposals with a view to the Spring Summit, ETUC is of the opinion that such fears are nowhere near being assuaged. This view has prompted ETUC to submit to the Council four strategic demands which it feels are crucial for ensuring the success of the streamlining process and guaranteeing the full relevance of the OMC with a view to achieving the social objectives set out in Lisbon in 2000, namely:
- reinforcement of the process,
- addition of specific objectives for each domain,
- elaboration of both quantitative and qualitative indicators,
- a stronger involvement of the key players, especially Trade Unions.
2.1. Indeed, ETUC believes that whereas growth and competitiveness are key factors for development, they are not ends in themselves, simply means for developing more, higher quality jobs.

2.2. However, ETUC highlights and condemns a contradiction within the European Union: for on the one hand there is rhetoric about social justice and high-quality jobs, and on the other European officials are allowing the Member States to develop policies that encourage precarious jobs and lead to poverty and social exclusion.

2.3. ETUC intends to take action against such practices in a bid to safeguard and enhance the welfare of European citizens and develop social cohesion.

3. This is why ETUC’s first demand is to bolster the OMC process itself in the context of streamlining.

3.1. For ETUC, bolstering the OMC process does not mean embarking on a procedural approach, but rather entails giving the process genuine content and being able to derive all the benefits of this mode of European cooperation and coordination in various areas of social protection (healthcare, pensions) and also in the struggle against poverty and social exclusion.

3.2. That is why, as already asserted in its previous resolutions, ETUC supports an OMC that cannot be reduced to a mere framework for close cooperation on social protection based on exchanging experience, learning from each other and benchmarking performance in an attempt to identify best practices, even though there are always lessons to be learned from exchanges between Member States.

3.3. After all, in ETUC’s view, such an approach would be too weak and ineffective, bearing in mind the challenges to be faced, both as regards the fight against social exclusion and in terms of the future and quality of pension systems and long-term healthcare systems.

3.4. In these domains, ETUC wants to see the adoption at European level of bold objectives on social improvement and a schedule for their attainment, involving all the stakeholders and especially trade union organisations, plus an evaluation system.
3.5. This will also mean that strategic National Action Plans (NAPs) cannot be reduced to mere activity reports, but must be genuine action programmes geared towards the realisation of pre-set objectives. Their assessment by the Social Protection Committee and the Commission based on qualitative and quantitative indicators should enable future guidelines or recommendations to be mapped out. ETUC believes it is crucial that such coordination results in upward convergence, and consequently in an improvement of the social policies.

3.6. In short, the ‘streamlining’ process must pave the way for the consolidation of all the various existing OMCs, by anchoring them more firmly in national policies and also to make the social objectives more visible and more important within the Lisbon Strategy.

4. Cross-cutting objectives, complemented by specific objectives in each domain, a second demand.

4.1. ETUC agrees to having a limited number of cross-cutting objectives.

4.2. However, it also insists that streamlining be effected in such a way as not to undermine the identity and visibility of existing processes. Accordingly, any such general cross-cutting objectives must be complemented by more specific objectives fleshed out and implemented at national level in line with the respective situation there.

4.3. In addition, ETUC wonders how appropriate it is today to change the existing objectives, especially those concerning social inclusion and the fight against poverty, before they have been fully evaluated.

4.4. On the other hand, sticking with the general objectives will not lead to the definition of indicators that are specific enough to enable a judicious evaluation of their implementation. This holds true for both social inclusion and pensions, as well as long-term healthcare.

4.4.1. This is why ETUC is taking steps together with its partners within the framework of this streamlined OMC to pinpoint objectives that are both precise and ambitious in the long-term healthcare sector.
5. Defining both quantitative and qualitative indicators, third demand.

5.1 The definition of specific objectives will determine the aptness of the indicators to be adopted, in other words the capability of having effective instruments at our disposal to ascertain what progress has been made.

5.2 The establishment of these indicators, which will involve all the stakeholders, will serve as:
- An incentive for all the Member States to attain the objectives set within the framework of the OMC for Social Protection and Social Inclusion; and
- open up the way for an objective evaluation of the results achieved at national level.

5.3 Streamlining must serve as a strong impetus to the Member States, the European Commission and the other institutions of the Union. However, such impetus will be all the more decisive if it goes hand in hand with evaluation processes that are both qualitative and quantitative.

6 Finally, a fourth demand: Better ways of involving the stakeholders, and trade union organisations in particular, at both national and European level

6.1 ETUC believes that the streamlined OMC can only really take root and bear fruit if all the parties concerned are involved in its development, practical application and evaluation.

6.2 ETUC also believes it is important to make sure that the various partners are given a role in the process. After all, both trade union organisations and specific associations are familiar with the problems encountered on the ground, and it is essential that their expertise be integrated into the development of the strategy.

6.3 A prerequisite for this is that the requisite, appropriate coordination structures be established at both national and European level, so that European policy on social protection and social inclusion becomes more functional, more visible and more transparent.
7 Making headway in the construction of a Social Europe

7.1. ETUC maintains that displaying resolute political will in these domains and establishing strong partnerships will be decisive - and currently indispensable - factors for lending credibility to European policies and making headway in the construction of a truly social Europe that gives all its citizens more confidence in Europe.

7.2. Moreover, this streamlining exercise, which ETUC supports, must shore up the 'social dimension' of the European Union - born of solidly guaranteed social rights and better social cohesion - to which not only the citizens of the Member States aspire, but also the citizens of accession countries or candidate Member States.
ETUC POSITION ON THE IMPLEMENTATION OF DIRECTIVE 96/71/EC
CONCERNING THE POSTING OF WORKERS IN THE FRAMEWORK OF THE PROVISION OF SERVICES (POSTING DIRECTIVE)
Executive Committee, 02/2/06

INTRODUCTION

In the autumn of 2003, the ETUC was consulted about a prior document of the Commission, COM (2003) 458, regarding the implementation of the so-called Posting Directive.

In November 2003, the ETUC replied, calling on the Commission to:
- in short –:
  ■ increase its efforts to monitor and enforce compliance with the Directive,
  ■ initiate a more in depth assessment of the implementation and application of the Directive in practice, especially taking into account experiences of social partners
  ■ look into good practice examples in Member States to tackle unfair competition in subcontracting chains, especially with regard to establishing liability of main contractors
  ■ and to present, as soon as possible on the basis of this additional research, and in consultation with social partners, adequate proposals to simplify and improve the existing Directive as appropriate. These should aim at better and more effectively achieving the objectives of the Directive, i.e. to provide for a climate of fair competition (a level playing field) and respect for the rights of workers within EU-25, in which the free movement of persons and services can thrive.

Mid-December 2005, the ETUC received the second draft report of the Commission’s services, with a letter asking the Social Partners at European level to respond within a deadline of 6 weeks.

The ETUC has tried to consult its affiliates as soon as possible, but because of the Christmas period and the time needed for affiliates to bring together the on-the-ground experience of their unions this consultation was not finalized in time.

Furthermore, the Steering Committee of the ETUC, in its meeting of 9 February 2006, decided that because of the major importance of the issue, and its close connection with other important dossiers such as the free movement of workers and the draft Directive on Services, a final position needed to be discussed in the ETUC Executive Committee on 14 and 15 March 2006.

As it was understood, that the Commission was urgently expecting to receive the positions of the Social Partners, because of the fact that the European Parliament had recently put pressure on this issue and wanted to hear the Commission’s views on the occasion of the plenary debate in the EP about the Services Directive on 14 February 2006, the ETUC has sent therefore to Commissioner Spidla on 10 February a letter with some first remarks as a preliminary response.

The objective of the Posting Directive is more important than ever!

ETUC wants to draw attention to the purpose of the Directive, as laid down in the preamble:

Preamble:

1. whereas (...) the abolition of obstacles to the free movement of persons and services constitutes one of the objectives of the Community;

5. whereas (...) promotion of the transnational provision of services requires a climate of fair competition and measures guaranteeing respect for the rights of workers;

13. whereas the laws of the Member States must be coordinated in order to lay down a nucleus of mandatory rules for minimum protection to be observed in the host country by employers who
post workers to perform temporary work in the territory of a Member State where the services are provided (...).

As the ETUC clearly stated in its position adopted in 2003, the objective of the Posting of Workers Directive – to provide for a climate of fair competition and measures guaranteeing respect for the rights of workers – is more important than ever.

In an economic era in which transnational provision of services is increasingly taking place, and where because of the recent enlargement of the European Union there is increasingly free movement of workers within the EU-25, the Posting Directive plays a key-role in protecting the workers concerned, while respecting the framework of labour law and industrial relations of Member States.

It is of major importance to ensure that the main goals of this Directive are achieved and its provisions are properly implemented and enforced, to create and maintain the confidence of the EU-citizens that ‘Europe’ is not about organizing social dumping and competition to the bottom of the welfare state, but still aiming at the constant improvement of the living and working conditions of its inhabitants.

It is against this background that the ETUC wants to make the following comments.

The ETUC expects from the Commission a more proactive approach

On the basis of the various replies in the meantime received from national affiliates as well as from European sectoral organisations, especially the European Federation of Building and Woodworkers, the ETUC comes to the following views:

■ Currently, the question if the Posting Directive in reality does achieve its objective or not is very much dependent on the strength or weakness of the legislative and/or collectively agreed regulatory framework at national level, and the degree to which the national system can cope with the challenges that cross border provision of services put to the national system when it
comes to fair competition between service providers and the protection of workers.

Therefore, it is a matter of the highest priority that the European Commission puts more pressure on Member States to take up their responsibilities in this regard. They should be urged to adapt their regulatory framework where necessary and appropriate, for instance by implementing the Posting Directive in its maximum scope (extending it to all sectors of the economy, etc.), and review their regulations with regard to definitions and instruments to tackle letter box companies, bogus self-employment, etc.

— Secondly, the question if the Posting Directive 'works' or not is very much dependent on administrative cooperation and coordination between Member States, which according to many of our affiliates in practice is almost non-existing (non-functioning national liaison offices, inadequate internal and cross border administrative cooperation and coordination!)

This is a joint responsibility of the European Commission and the Member States, and therefore the European Commission should more actively take the lead and come up with proposals how to bring this cooperation and coordination about.

Especially the issue of providing companies and workers with accessible and transparent information with regard to the terms and conditions of employment that apply is of key importance; on the one hand to allow and stimulate companies – main contractors and user enterprises as well as service providers - to comply with the rules; and the other hand to allow and stimulate workers and their representatives to be aware of their rights and take action to claim observance.

ETUC invites the Commission to consider instruments like the development of a toolkit together with representatives of Member States and relevant social partners to support cooperation, coordination and information.

In addition, the ETUC wants to remind the Commission of the recent judgement of the ECJ (case 244/04) in which the Court
explicitly accepted the instrument of prior declarations by the service provider in situations of posting as an appropriate means for the host country to monitor and enforce its regulations. The ETUC is of the opinion that without such prior declarations, and without obligations to have an address and/or representative on the territory, the relevant actors (public as well as private, in the case of collectively agreed standards) cannot play an effective role in the monitoring and enforcement of the minimum standards as laid down in article 3 of the Directive.

Thirdly, for many different reasons the cross border provision of services increasingly takes the form of subcontracting (especially in construction) and agency work (in many other sectors of the economy). By creating extremely complex networks of subcontractors, main contractors can create easy ways to circumvent legal or collectively agreed labour standards and working conditions. By hiring workers through agencies instead of directly, user-enterprises and agencies – especially in countries that do not have a strong regulatory framework in place for equal treatment of agency workers – can easily enjoy major profits (that in some countries surpass the estimated gains in drug trafficking!) in employing agency workers on wages and working conditions that are far below standards in the sector concerned.

Therefore, the European Commission should much more actively promote that Member States that have not yet done so take initiatives to introduce so called systems of ‘client liability’, ‘chain responsibility’ or ‘joint and several liability’, bring together the various practices in Member States – if necessary in a separate report – , and consider the proposal of a Community initiative on this matter.

Furthermore, the ETUC agrees with the statement in the draft report, that, given the transnational nature of the activities covered by the Directive, the enforcement of fines (in particular) in the country of establishment of the company posting the workers, and other cross border measures in the event of non-compliance with the Directive, are crucial. However, we are not convinced that the recent Council Framework Decision 2005/214/JHA on the mutual recognition of financial penalties will be enough to
improve the current very unsatisfactory situation. ETUC therefore invites the Commission to explore further measures to strengthen transnational enforcement.

ETUC welcomes that in its draft report the European Commission recognizes the importance of the bringing about at EU level of a legal instrument with regard to temporary agency work that establishes the general principle of equal treatment with regard to essential employment and working conditions. As the report rightfully states: the draft Directive on Temporary Agency Work (TAW) and the Posting Directive would in this way complement each other, while continuing to perform separate functions, “on the one hand the coordination of rules in trans-national cases, and, on the other, the alignment of substantive provisions – irrespective of whether or not cross-border activities take place.” However, the ETUC would like to see the Commission more actively pursuing political agreement on the draft TAW Directive, which is already blocked for quite some time in the Council.

In its position of November 2003, the ETUC asked the Commission to present, as soon as possible, in consultation with the social partners, adequate proposals to simplify and improve the existing Posting Directive.

In its recent position on the transitional measures for free movement of workers, the ETUC referred to the importance of strengthening the Posting Directive in the broader framework of providing at EU level for a set of firm and fair ‘rules of the game’, in which transparency and security for workers are put centre stage, to support cross border mobility of workers, both in the framework of free movement of services and free movement of workers.

According to the ETUC, 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.

In this stage, the ETUC wants to propose the following additional measures to be taken, either within the framework of the Posting Directive, or as separate initiatives:

- the exclusion for merchant navy vessels should be deleted, and the need for a EU framework Directive on manning conditions for regular passenger and ferry services operating between Member States should be revisited;

- the Commission should promote exchange of information and cooperation between national social and labour inspectorates, and develop a European social inspectorate or other appropriate structure to support Member States and national social and labour inspectorates in the application and enforcement of national and European minimum rules and worker protection;

- the Commission should consider to review Articles 4 and 5 of the Directive, with a view to strengthen their practical meaning. At the moment, Article 4 only provides for the obligation of public authorities to communicate with each other with regard to information on the transnational hiring-out of workers, while Article 5 only demands them to take ‘appropriate measures’ with regard to failure to comply with the Directive. Member States should explicitly be obliged to provide via the liaison offices all private interested parties (the posted worker and his representative, the service provider and the user enterprise, as well as trade unions and employers organisations) with clear information about all the relevant legal and collectively agreed rules that are applicable in the host country;

- the Commission should evaluate existing systems in Member States to address abuses in cross border subcontracting and temporary agency work by responsibilizing main contractors and user-enterprises with regard to the payment of taxes, social premiums and wages, for instance in the form of ‘chain responsibility’, ‘client liability’ or ‘joint and several liability’, and consider the proposal of a Community initiative on this matter;
whereas the ETUC agrees that the definition of a worker (and measures to address bogus-self employment within the framework of the provision of cross border services) has to be left primarily to the national level, the Commission should put pressure on Member States to address this issue with urgency, and support their actions by developing at EU level – in the context of the upcoming Green Paper on the Future of Labour Law - a framework for protection of economically dependent and self employed workers;

the Commission should support campaigns of Member States and social partners to provide workers and enterprises with information about labour and social rights of migrant and posted workers on their territory, and should consider - in the context of the Year of Mobility - a EU-wide campaign to sensitize all stakeholders throughout the EU about the necessary observation of minimum rights and protection of workers to support positive mobility.

The link with the draft Services Directive: a potentially explosive issue to be treated with great care

As indicated above, the Posting Directive currently plays a key role in providing for fair competition in trans-national provision of services by guaranteeing the respect for workers’ rights and national industrial relations systems.

This key role was challenged by the Draft Directive on Services in the Internal Market, as proposed by Commission in 2004. The initial proposals raised major questions around the lack of respect for international private law and labour law in general and the Posting Directive in particular, while especially Articles 24 and 25 of the Directive raised huge concerns in Member States that the very instruments that were necessary for the monitoring and enforcement of the Directive (and in some Member States for the coming about of minimum standards itself, such as the need to have a representative on the territory for the Swedish and Danish system to be able to negotiate collective agreements with a cross border service provider) were under attack.

In the meantime a convincing majority of the European Parliament recently voted in favour of fundamental changes to the Services
Directive, clarifying and safeguarding a full respect for all matters covered by the Posting Directive, as well as deleting the articles 24 and 25 with regard to ‘prohibited administrative requirements’ to be used by Member States in the area of posting of workers.

However, there is considerable pressure from various political groups in the European Parliament to see active steps taken in the direction of administrative simplification.

In this stage, the ETUC strongly wants to warn the European Commission and other European Institutions not to confuse legitimate claims to administrative transparency and simplification (from companies and workers alike) with the forced abolition of requirements that - in the framework of complex regulatory systems that exist at national level, which in the absence of harmonisation are the sole and autonomous responsibility of Member States – are necessary to properly monitor and enforce the Posting Directive.

The ETUC has understood that the Commission will soon come up with some sort of Communication, in which Member States will be given guidance especially on relevant ECJ jurisprudence. The ETUC strongly recommends that the Social Partners will be consulted about such a document.

In the recent discussion about the draft Services Directive, after the vote in first reading of the European Parliament, another question has been put on the table: if now that matters covered by the Posting Directive were clearly excluded from the Services Directive – it would still be necessary to exclude temporary agency services from the scope of the Services Directive (as the EP has voted for with a convincing majority). For the ETUC this is an important matter to clarify. In our view, the answer clearly needs to be: yes.

The ETUC has sent on 16 March 2006 a separate letter to Commissioner McCreevy to explain its position on this issue.

Conclusion

ETUC welcomes the draft Commission’s services report as a step in the right direction, providing for more insight in the implementation in practice of the Posting Directive. However, it regrets that the
Commission has not yet come up with any concrete proposals on how to tackle the various problems and questions raised in the report. It therefore urges the Commission to come up in its final report with a more proactive approach.

ETUC and its affiliates at national and sectoral level are ready and available to play a constructive role in discussing and developing measures and instruments to further simplify and strengthen the Posting Directive as well as its implementation, monitoring and enforcement.
Services of general interest (SGI) are acknowledged as one of the pillars of the European social model. Developing a balanced European Union is based, in particular, on high-quality services of general interest which contribute to regional and social cohesion within the framework of a social market economy.

The ETUC has asked on several occasions for the European Commission and the Member States to pursue a proactive strategy of negotiated modernisation of these services that aims to enhance them and help them to evolve and that is based on general principles such as equal access, high-quality service, fair prices, universality, high-quality work and jobs, security and social justice.

Ensuring and indeed creating conditions which will enable them to carry out general interest missions is the shared responsibility of national and European authorities.

Moreover, societal changes and the policies chosen to tackle the many challenges we face today often result in tasks, which were previously carried out by the public sector, being outsourced. This leads to heightened competition between the various operators involved (with States playing the role of regulators). The operators increasingly become subject to European market rules which in turn reduces their room for manoeuvre.

In the absence of clearer and more detailed rules from political players, the case law of the European Court of Justice comes into play
in this field in order to resolve conflicts between the commitments associated with public missions and the freedoms enjoyed within the single market. This situation cannot be maintained for two reasons at the very least. Case law is subject to change and is applied to individual cases and as a result, legal uncertainty persists.

This is why it is even more important for the Commission to adopt a coherent approach in its various initiatives in this field; this is not necessarily the case, not least due to the priority given to opening up markets, which includes the draft directive on services within the single market.

Thanks to efforts on the part of trade unions, the European Parliament made substantial amendments to this draft directive. The European Commission then presented an amended draft on 4 April 2006. As such, significant – but still insufficient – progress has been made. Indeed, although SGIs have been omitted from the directive entirely, some services of general economic interest (SGEIs) are included and the list of excluded social services of general interest (SSGIs) is restricted to four fields (healthcare, social housing, childcare and assistance for families and individuals in need), which appears too restrictive.

Today, following this welcome decision by the European Parliament to recognise the specific status of services of general (economic) interest, the debate on the future of SGIs has been rekindled. The European Parliament itself is in the process of drafting its opinion on the follow-up required to the White Paper on services of general interest, while the European Commission is awaiting the outcome of these discussions before presenting its own communication on the issue. It has already published its Communication on Social Services of General Interest. It has also promised to prepare another communication on healthcare before the end of the year.

The ETUC notes these initiatives which, without doubt, mark a new step towards recognising this type of service and the need for clarification of the conditions governing the application of certain Community rules in these areas, something which the ETUC has long been calling for. It would appear necessary, therefore, for the ETUC to take an active stance on this matter – a matter which is so important.
for public services, the workers employed in them, users and citizens – rather than waiting to react the Commission’s proposals.

The European Commission is launching sectoral (Communication on Social Services of General Interest) and horizontal (e.g. on public-private partnerships) initiatives without defining a general framework within which to anchor services of general interest. In the ETUC’s view, the process initiated by the Green Paper and continued in the White Paper should culminate in an instrument being adopted which will bind together all the Community’s regulatory provisions to enable services of general interest to develop and pursue their goals for the benefit of society as a whole.

While acknowledging the principle of subsidiarity and the responsibilities of the Member States with regard to organising and financing services of general (economic) interest, the ETUC remains convinced that a Community legal instrument – in other words a framework directive – is required.

The ETUC and the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) had already adopted the Joint Charter on Services of General Interest as early as 2000. Today, in an altered political context, a consensus has been reached on a draft joint text for a framework agreement on services of general economic interest. This framework directive will shore up the foundations of services of general interest, will enhance the responsibilities of the public authorities at national and local level and will safeguard the rights of workers and citizens alike.

**Main points of the draft text by the ETUC and CEEP**

- Services of general interest are to be cited in the same context as services of general economic interest despite the fact that only the latter term formally exists in Community legislation. The key objectives of these services and the values of the European Union – in particular, sustainable economic development and social cohesion – must be enshrined in the text.
- General interest should take precedence over market laws: this means contributing to sustainable development and to a high level of employment.
The fundamental principles should be reiterated and applied, as should the Charter of Fundamental Rights.

The principle of subsidiarity and the responsibilities of the public authorities at all levels (both national and local) should be reiterated and should determine how these services will be provided, regardless of the status (specifically public) of the party providing those services.

The directive should ensure legal certainty which will pave the way for funding of services of general economic interest in the long term and investment vital to the continuity and quality of these services.

Good governance and social dialogue are to be the primary guiding factors.

Users, trade unions and consumers are to be consulted and are to be stakeholders in methods of regulation.

Involvement and consultation of workers and their representatives within the context of social dialogue at every level should be affirmed.

An assessment shall be conducted at all levels and workers and their representatives shall be involved in this process.

An evaluation report shall be compiled.

The ETUC undertakes to make this initiative a priority and as such will continue to take active steps in this direction.

This joint position will enable both parties to be strengthened and to act in partnership to plan promotional action and to secure allies, in particular the European Parliament and the Committee of the Regions.

The ETUC therefore invites the European Commission to demonstrate greater boldness and ambition, in other words to follow through with its plans set out in the White Paper on Services of General Interest. The same applies to the credibility of the desire to construct not simply an economic Europe but also a social one. In other words, a Europe that sets great store by social cohesion and is based on solidarity, a Europe that can rise to the expectations of European workers and to the aspirations of European citizens.
ANNEX TO THE RESOLUTION “TOWARDS A FRAMEWORK DIRECTIVE ON SERVICES OF GENERAL (ECONOMIC) INTEREST” – 06-07/06/2006

Draft European framework to Guarantee and Develop services of general economic interest

CHAPTER I
GENERAL PROVISIONS

ARTICLE 1 - OBJECT

1. Services of general economic interest and services of general interest are essential for the economic, social and territorial cohesion in the European Union. The present directive establishes general measures guaranteeing and developing the fulfilment of the particular missions and objectives and the provision of services of general economic interest in the framework of the establishment of the European community and the values that it embodies².

ARTICLE 2- FIELD OF APPLICATION

1. The present directive applies to services of general economic interest. Services of general economic interest are services of an economic nature which the Community, the Member States or responsible authorities within the Member States, each within their respective powers and within the scope of application of the treaty, subject to specific public service obligations by virtue of a general

¹ This annex is based on the ETUC Resolution on Services of General Interest adopted at the Executive Committee meeting on 6-7 June 2006. The annex makes key content proposals for the ETUC in order to illustrate the technical feasibility of a European framework for SGI/SGEI.

² In particular in Articles 2 and 16 of the Treaty
interest criterion and for environmental, economic and social sustainability purposes.

2. This directive does not deal with non-economic services of general interest. The distinction concerning whether a service of general interest is of an economic or a non-economic nature has to be determined by the respective public authorities.

ARTICLE 3 - RELATIONSHIP WITH OTHER PROVISIONS OF COMMUNITY LAW

1. The Member States shall implement the present directive in order to safeguard the particular missions assigned to services of general economic interest. These measures are necessary to ensure that, in case of tension between competition law and general interest objectives, the general interest shall prevail.

2. The implementation of the present directive shall complement and facilitate the implementation of sector specific provisions or of other Community instruments regarding services of general economic interest. The implementation of the present directive shall respect the Charter of Fundamental Rights.

3. Future legislation on services of general economic interest shall at least apply the provisions of the present directive.

4. The implementation of this directive shall not constitute valid grounds for reducing the general level of already existing standards in each Member State and in relation to the general level of protection afforded to the workers in the areas to which it applies.

CHAPTER II
SHARED RESPONSIBILITY BETWEEN MEMBER STATES AND THE COMMUNITY

ARTICLE 4 - RESPONSIBILITY OF MEMBER STATES AND COMMUNITY

The definition of public service obligations and missions as well as the organization, the financing and the monitoring of services of general economic interest are a task for the relevant European, national, regional and local authorities each within their respective powers and within the scope of application of the EC Treaty.
ARTICLE 5 - RESPONSIBILITY OF THE COMMUNITY

1. The Community shall, on basis of Articles 16 and 86 §2 of the Treaty, support the national, regional and local authorities to fulfil their missions and take care that the services of general economic interest are operated on the basis of the principles and conditions laid down in this directive. Thereby the Community shall respect the diversity of traditions, structures and situations that exist in the Member States as well as the responsibilities of the national, regional and local authorities.

2. The Community shall ensure that rules on competition and the internal market respect and do not obstruct, in law or in fact, the accomplishment of the missions and tasks assigned to services of general economic interest.

3. The establishment of European services of general economic interest is a task for the Community in order to ensure that they contribute to EU objectives, in particular to sustainable development and high employment.

ARTICLE 6 - ENSURING SUBSIDIARITY

The European Commission when drafting European legislation in the field of services of general economic interest shall strictly apply the principle of subsidiarity. The Commission shall consult, besides the Member States, the national parliaments, the European social partners as well as the Committee of the Regions and the Economic and Social Committee and shall take the results of that consultation into account.

CHAPTER III
GENERAL PRINCIPLES

ARTICLE 7 - PRINCIPLES

1. With a view to ensuring a high level of quality, security and safety, consumer and user rights, adaptability to change and improvement of efficiency, the responsible authorities and the service providers in charge of services of general economic interest shall take into account the following fundamental principles,
accessability;
availability;
continuity;
solidarity;
affordability;
universalty;
sustainability;
transparency;
accountability;
democratic control,
non-discrimination and equality of treatment.

2. Public authorities shall adapt and/or supplement the above principles with other provisions aimed at taking better into account the specificities of certain services of general economic interest.3

3. The service providers and responsible authorities shall apply the fundamental principles to these services as well as the provisions of the European Charter of Fundamental Rights.

CHAPTER IV
ORGANIZATION AND INTERNAL MARKET

ARTICLE 8 - FREE CHOICE OF SERVICE PROVIDER

The Community, Member States as well as regional and local authorities, if given such rights according to the respective legislation, are responsible and competent to determine the modes of provision of services of general economic interest, be it "régie", in-house, PPP, inter-municipal co-operation or the delegation to a third party.

ARTICLE 9 - AUTHORIZATION REGIMES

The Community, Member States and regional and local authorities are free to set up authorization schemes regarding the access to organization of services of general economic interest insofar as this is an efficient and useful means to guarantee the good accomplishment of

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3 The audiovisual sector is bound by the Amsterdam Protocol.
services of general economic interest missions and to impose public service obligations.

Authorization regimes must respect the principle of non-discrimination and be justified by a public service mission appropriate to that mission.

**ARTICLE 10 - EXCLUSIVE AND SPECIAL RIGHTS**

The Community, Member States and regional and local authorities can delegate the fulfilment of missions of services of general economic interest to an undertaking as exclusive or special rights insofar as this is non-discriminatory, justified and proportional.

**ARTICLE 11 - IN-HOUSE**

The Community, Member States and regional and local authorities have the right to provide services of general economic interest in-house with a legal entity different from the respective authority, as long as the authority has effective control of the service provider.

**CHAPTER V
FINANCING AND RULES OF COMPETITION**

**ARTICLE 12 - FINANCING**

1. The Community, Member States and regional and local authorities are – on condition that the provisions of articles 13 – 14 of the present directive are fulfilled – free to choose the way to support a service of general economic interest financially.

2. Compensations for public service obligations do not come under the rules of article 87 of the Treaty.

**ARTICLE 13 - RULES ON COMPENSATION**

Financial compensation granted to providers of services of general economic interest is compatible with competition rules if:

- this is compensation for a defined and entrusted public service obligation;
the compensation does not exceed the costs of the obligation;
and allows an appropriate return of investment.

**ARTICLE 14 - TYPES OF COMPENSATION**

The Community, Member States and regional and local authorities are competent to define the modes of compensation, such as cross-subsidization, direct compensation, loans specific to services of general economic interest, tax relief.

**CHAPTER VI
REGULATION**

**ARTICLE 15 - REGULATION OF SERVICES OF GENERAL ECONOMIC INTEREST**

1. The Community, Member States and regional and local authorities, each within their respective powers, may decide to set up a regulatory body in sectors of services of general economic interest.
2. The right of major stakeholders, such as users, trade unions, consumer associations, environmental bodies to information and prior consultation at the appropriate level must be ensured.

**ARTICLE 16 - GOOD GOVERNANCE**

1. Member States shall ensure that the implementation of this directive takes into account the rules of good governance and social dialogue.
2. Member States shall ensure full transparency of information concerning public contracts.

**ARTICLE 17 - CORPORATE SOCIAL RESPONSIBILITY AND PRINCIPLES OF EMPLOYEE PARTICIPATION**

The information, consultation and participation of employees and their representatives are essential for a negotiated modernisation of the organisation of services. In this context, the promotion of the social dialogue and the involvement of trade unions must enable methods to be developed for their representation on boards of
directors or equivalent bodies.

As an element of corporate social responsibility, providers of services of general economic interest should produce an annual social report, which must be the subject of consultation with employees and their representatives, and be transmitted to the public authority concerned.

When necessary, there must also be a dialogue between employer and employee representatives at European level, between the cross-sectoral and sectoral social partners concerned.

CHAPTER VII
EVALUATION

ARTICLE 18 - EVALUATION OF SERVICES OF GENERAL ECONOMIC INTEREST

1. The Community shall:
   ■ define a common methodology on an evaluation on services of general economic interest in order to implement a coherent policy to promote quality services;
   ■ give impetus to the evaluation mechanism in line with the principle of subsidiarity;
   ■ develop a gradual mechanism for the assessment of the performances of services of general economic interest for which Community rules exist in order to support the responsible authorities and providers to increase efficiency and to adapt the services to the changing needs of public authorities, consumers, citizens and society for example through the open method of coordination;
   ■ undertake the implementation of a general consistent policy for evaluation in order to promote the quality of services of general economic interest and the values that they embody.

2. If the respective authorities decide to implement evaluation processes, the management of the evaluation bodies at each level, European, national, regional or local, must be transparent, participatory and pluralist.

3. The evaluation shall involve a broad range of parties and different stakeholders concerned, e.g. public authorities at Community, national, regional and local level, operators of service providers, consumers (households and industrial users), citizens, the
employees and their trade unions. This evaluation process as well as the task of monitoring the conditions in which services of general interest are provided in the different Member States and of exchange of comparative information between the Member States could be co-ordinated by a consultative body, with the task of assisting the Community in monitoring of changes and research, exchanging best practices, elaboration of indicators, benchmarking.

**ARTICLE 19 - EVALUATION REPORT**

An evaluation report shall be published on the implementation of the principles of the framework directive in the different sectors concerned by the provision of services of general interest.
ETUC resolution on monetary policy, economic recovery, wage and labour market flexibility in the euro area

1. BACKGROUND.
The euro area is finding itself in a challenging economic and social situation:

■ While business confidence indicators have shown improvement over recent months, the consensus amongst economic forecasters (IMF, Commission, OECD) is that growth will weaken again in 2007 and will remain too modest.

■ Wage formation and collective bargaining institutions are under pressure from this poor economic performance. Nominal wage increases are extremely moderate and real wages are falling. In some member countries, concession bargaining is leading to important cuts in working conditions. Workers and wages in different countries are being played out against each other.

■ Despite substantial wage cost control, headline inflation in the euro area is still above the 2% threshold. Besides continuing energy price shocks, ‘stubborn’ inflation is caused by governments that initiate ‘tax push’ inflation in an effort to keep deficits somewhat in line with the Stability Pact.

■ Although the euro area is not a primary source of global imbalances, it risks having to shoulder a disproportionate share of the burden of global adjustment in case of a dollar crash.
While depressed wage incomes do not deliver a basis for household consumption to grow strongly, economic policy is already withdrawing aggregate demand support on three different fronts at the same time: Fiscal policy is set to tighten, the euro’s exchange rate is appreciating and, most importantly, the ECB is in the process of hiking interest rates. Markets and institutions expect interest rates to reach 3.3% beginning 2007, up by 130 base points in a little over one year’s time.

Meanwhile, the ECB seems to be in the business of promoting an agenda for structural reform that is at least partly inspired by the US model of a flexible labour market with very limited rights or protection for workers (lowering job protection, lowering social benefits, flexible wage formation on the enterprise level with a much reduced role for collective bargaining).

With the ECB deciding independently on interest rates and exchange market interventions, euro area monetary policy makers have an important key to economic success or failure at their disposal. The ECB can make (or break) the recovery and is in a position to set the economic and social structural reform agenda it wants to see respected before considering to keep delivering monetary support for the economy.

There is an urgent need for the ETUC and its affiliates to develop further a strategy to obtain euro area monetary and economic policies that support more and better jobs and do not represent a threat to workers’ rights and wage and collective bargaining institutions. This resolution intends to constitute further the discussion on such a strategy.

2. YES TO PRICE STABILITY...

The ETUC supports the goal of price stability. High and volatile inflation is no basis upon which to build sustained growth and good employment performance. Relatively low and stable inflation on the other hand can reduce risk premiums in long term interest rates, thereby promoting investment and the economy’s growth potential.
The ETUC also supports an agenda of structural reforms, provided these reforms:

- promote *upwards* (instead of downwards) flexibility to keep the European economy ahead of the competition from low wage economies;
- are equitable. Structural change creates both winners and losers and is only acceptable if policy minimizes the number of losers while compensating those that in the end remain disadvantaged;
- are backed up by pro-active macro economic policies that bring the benefits of reform forward and avoid the economy from getting caught in a low confidence and low growth trap;
- are the subject of a real and effective social dialogue.

3. ... BUT NO TO THE STABILITY OF THE ‘ECONOMIC GRAVEYARD’

The question is not whether price stability is desirable or not. The real question is *how* a central bank is trying to realise low inflation. There are two very different pathways to reach the objective of price stability:

- A central bank can fight inflation at all times and in all circumstances, even when inflationary risks have in fact disappeared. The central bank’s strategy in this case is to realise a safety margin against a possible resurgence of inflation by having the economy operate systematically below potential. With such a monetary policy regime, cyclical upturns are modest and short-lived whereas cyclical downturns are deep and prolonged. Average growth over the entire time span of the business cycle is poor.

- By pursuing a symmetrical policy regime, a central bank can also fight inflation but without taking a heavy toll on economic growth. Monetary policy then reacts similarly, either when faced with inflationary danger or when inflation has disappeared and the real economy is in need of support. Such a symmetrical monetary policy regime has the important advantage of stabilising the economy. Economic activity is kept close to a level of activity
that is compatible with low and stable inflation. Both cyclical
upturns as well as downturns are kept under control, with the
effect that growth is reasonably in upturns and recovers better
from cyclical troughs. The aim of such a symmetrical policy regime
is twofold: It is to maximize growth over the business cycle while
at the same time maintaining low inflation.

4. MONETARY POLICY IN THE EURO AREA: MORE A-SYM-
METRICAL THAN SYMMETRICAL

The European Treaty implicitly provides the ECB with the double
mandate of fighting inflation and supporting the other objectives of
the European Union such as growth, employment and social
cohesion, provided price stability is not endangered.

The ECB however operates monetary policy on the basis of what it
perceives to be a 'single' mandate. The ECB repeatedly argues that
the 'best and only' way to contribute to growth is to guarantee price
stability. In doing so, it provides a particular reading of the Treaty and
reduces the double mandate of price stability and growth into a single
mandate of price stability only. The related danger is that the ECB on
the basis of this single mandate would implement and construct a
monetary policy regime that only acts when price stability is threat-
ened from the upward side but is standing idly by when growth and
jobs are in danger and economic confidence is low.

This danger is indeed materialising itself to a certain extent. In
practice, the euro area is the only region of the world that, after 5
years, still has to recover fully from the slump in economic growth.
And euro area monetary policy is characterised by important differ-
ences depending on the fact whether the real economy or price
stability is in trouble:

- The ECB acts quickly when growth is doing well or when an
economic recovery seems to be in the making. In '99-2000, it
doubled interest rates in the space of one year and it is now in the
process of hiking interest rates again. But when the economy went
down in 2001 and again in 2003, the ECB was reluctant to react and
it took several quarters of a year before rates were brought down.
When the euro falls on exchange markets, the ECB does not shy away from making exchange market interventions to prop up the euro by selling dollar reserves. However, when the euro Appreciates sharply and undermines growth as it did end 2002-beginning 2003, no action is taken.

When the level of economic activity is thought to be somewhat above potential (as it perhaps was to a limited extent in 2000), the ECB works actively to correct for this by reducing (effective) growth (temporarily) below potential. However, when the situation is the other way around, and characterised by cyclical unemployment and underutilisation of capital stock, the ECB is blocking a pattern of recovery that would bring growth (temporarily) above potential growth. Slack in the economy is thereby maintained and (cyclical) unemployment is kept high.

5. A BIAS AGAINST INVESTMENT: MONETARY POLICY IS NOT NEUTRAL FOR LONG TERM GROWTH POTENTIAL

A monetary policy regime with a single focus on low inflation does not only come at the detriment of short-term growth over the business cycle, it also drags down the long term growth potential of the economy in a structural way: If the corporate sector realises that the monetary policy regime is constructed so as to keep aggregate demand below full capacity utilisation, the incentive to invest will suffer. Indeed, keeping aggregate demand close to full capacity is investor insurance against negative demand shocks and their persistence. In the absence of such insurance, investment will be riskier and corporations will invest less than otherwise would have been the case. Investments however build up the capital stock and are therefore an important determinant of long term growth potential. If the ECB has silently reduced its estimate of euro area potential growth from between 2% and 2.5% just a couple of years ago to just 2% at the moment, this has to do with the long slump in growth and investments since 2001 and the failure of macro economic and monetary policy to stabilise the business cycle and stage a full recovery from the slump.
6. ‘BEGGAR-THY-NEIGHBOUR’ AND THE BIAS AGAINST SOCIAL EUROPE

A monetary policy regime that is skewed against growth and investments also has important consequences for working conditions and Social Europe. Keeping the euro area economy in the doldrums has the effect of putting workers and trade unions in a tight spot. With macro economic policy providing insufficient aggregate demand for the euro area economy as a whole, member states are easily tempted to go for what they think to be a quick fix by engaging in competitive wage moderation and excessive labour market flexibility. If the European macro economic policy does not produce adequate aggregate demand, then the solution is to ‘renationalise’ policy by trying to poach demand, investments and growth from neighbouring countries. Bad macro economic policy triggers the race to the social bottom.

Moreover, public statements coming from the ECB are worrying in this respect and confirm the impression that the ECB is actually welcoming European workers undercutting each other’s pay and working conditions as a means to achieve what it is calling ‘competitive stability’. In doing so, the ECB fails to see that in a relatively closed economic area as the euro area, competitive wage moderation does not change relative competitive positions very much but does risk a further negative impact on euro area wide wages and household consumption, thereby deepening the problem of lack of overall aggregate demand.

7. HOW TO GET A EUROPEAN CENTRAL BANK FIGHTING INFLATION AS WELL AS THE LACK OF DECENT JOBS?

The existing framework is one of a European Treaty giving a high degree of independence to the ECB, with the ECB reading its Treaty mandate in a narrow way (‘price stability is the best and only contribution of monetary policy to growth’). Taking these facts into account, the ETUC needs to follow a double track strategy:

■ On the one hand, we need to provide the ECB with convincing signals that trade unions will take the objective of low inflation
into account in the process of wage formation and collective bargaining, in order to avoid, amongst other things, second round effects from energy prices.

■ On the other hand, when providing such anti-inflationary insurance to the ECB we must make sure to get growth-friendly monetary policy in return. As experience shows, there is a risk that wage formation delivers price stability while the ECB is continuing to base its monetary policy on the outdated presumption that wage behaviour did not structurally change. The result of this is inadequate demand, and disappointing growth and investment performance.

Concrete proposals for such a 'double track' agenda:

■ **Strengthening the Macro Economic Dialogue at European and national level.** This dialogue is the only forum where all policy makers, including the ECB, are present. This provides an opportunity and the ETUC, together with its affiliates, should increase their involvement in it. At the same time, extending this dialogue to national levels could also be helpful to increase its practical relevance.

■ **Euro area level policy dialogue.** As described in this resolution, substantially improving the coordination of wage, fiscal and monetary policies is particularly important for the euro area. A closer policy dialogue at the level of the euro area should be pursued by organizing twice-yearly hearings of European social partners with the euro group of finance ministers.

■ **Strengthening the coordination of collective bargaining policies.** The work of the ETUC collective bargaining committee should continue on the basis of the guideline of wages ‘orienting themselves on the sum of inflation and productivity’.

■ **Closer follow-up of collective bargaining policies inside the euro area.** Bargaining and wage trends inside the euro area need to be monitored closely with the aim of preventing nominal wage cuts spreading through concessional and/or decentralised bargaining. Analysis showing that wage bargaining does not
jeopardize low inflation needs to be communicated clearly to the ECB.

■ Better coordination of fiscal policies inside the euro area. The euro area level should also be used to coordinate fiscal policy in a better way. Leeway offered by the reform of the Stability Pact should be used to draw up national 'investment for recovery' plans which are modulated in function of the situation in each economy. With some member states investing in recovery by accepting higher than planned deficits, and with other member states in a better economic position and thus able to reduce deficits more than planned, the impact on the average euro area deficit of additional investments could be somewhat limited. To focus the ECB’s attention on the fact that the average deficit in the euro area is still below 3% (and to avoid the reaction of monetary restraint) the whole euro area wide public budget should be taken into consideration.

■ Better coordination of indirect tax policy inside the euro area. Hikes in indirect taxes and administrative prices are keeping average euro area inflation over 2%. To avoid giving the ECB the alibi of ‘stubborn inflation’ warranting a withdrawal of monetary support from the recovery, the ETUC urges the finance ministers to address this issue and to coordinate indirect tax policies in a better way so that systematic effects on euro area inflation are minimized.

■ Making use of the democratic force of public opinion. In contrast with the claims of the ECB, European citizens are much more concerned with the lack of decent jobs and with the threats of structural reforms to social systems compared with their anxieties over inflation. This presents an opportunity for the ETUC to introduce into public opinion reasoned and well balanced arguments, analysis and reports which point to the need for balanced monetary policies.

■ European Social Dialogue and the Joint working program. More common opinions should be sought with European employer organisations on the issue of balanced macro economic and monetary policies. The new working program of European
social partners presents an opportunity to use the discussion on ‘flex-security’ (easier adaptability of a secure work force) as a leverage for growth- and job-friendly macro economic policies (effective and sufficient new job offers).
INTRODUCTION

As expressed in “ETUC’s vision of Europe”, adopted by the X-th Congress in Prague 2003, the ETUC is committed to:
(paragraph h) Gender Equality, and should
■ (point 16) Demand the inclusion of gender equality among the fundamental values of the EU and its inclusion in the shared competences of the EU;
■ (point 17) Ensure the acquis communautaire regarding equal pay and gender mainstreaming is maintained across all policies and encourage women’s representation in all decision-making bodies.

To implement its commitment, the Prague Congress 2003 adopted ETUC’s third Equality Plan. In this plan a mid-term review is foreseen.

POLITICAL CONTEXT

Achieving gender equality in Europe continues to be a major challenge for all stakeholders at national and European level. Although a lot of progress has been made, since the first European Community Treaty almost 50 years ago introduced the obligation to guarantee ‘equal pay’ for men and women, and on that basis an extensive body of equal treatment-legislation has been developed,
and although the labour market participation of women has been steadily increasing, progress has come to a halt in recent years, and in some countries reverse trends can be observed.²

The gender pay gap is still around 15 percent on average in the EU-25, but in some countries more then 20 percent (UK, Germany, Slovenia, Slovakia, Cyprus) and in some countries increasing again (Belgium, Spain, Denmark, Finland, Germany).

The increase of female employment has been mostly in highly feminised jobs and sectors, such as public and private services, and they tend to have more precarious employment conditions (part time, fixed term and other forms of ‘flexible’ contracts).

Childcare and other facilities and measures to improve reconciliation of work and private life are in most countries still very insufficiently available and often with poor quality or at too high a price. Moreover, they are still seen as ‘facilities for women’ instead of for parents.

The age at which women get their first child has increased everywhere in Europe, in many countries to above 27 years (which is very problematic from a demographic perspective), reflecting the persistent problems for women to combine a professional career with raising a family and to share this on an equal footing with their partners, often leading to the decision to postpone – or forgo altogether - having a child.

Despite the fact that women in the meantime have closed the education gap, the majority of them is still found on the lower end of the skills and pay scale. Investing in training and life long learning for women is still not seen as an economically viable investment.

Although the employment rate (in paid employment) for women is now on average women 55,7 percent (compared to men 70,9 percent) and they form 44 percent of trade union membership, their representation and visibility at all levels of decision-making is far from proportional.

Recently, there is new attention at EU level for the importance of taking action on all these matters.

² European Commission’s annual Report on equality between men and women, February 2006
The European Social Partners have reached an agreement in spring 2005 on a Gender Framework of Actions, in which an integrated approach is advocated on occupational segregation, women in decision-making, work-life balance and equal pay.

The European Commission has issued a Roadmap for Equality between men and women, running from 2006 to 2010, announcing initiatives especially on reconciliation of work and family life and equal pay.

The Council of Ministers has adopted at the Spring Summit of 2006 a Gender Pact, calling on all actors at national and European level to increase efforts and actions on gender equality, close the gender gaps in employment and social protection, and meet the demographic challenges by promoting better work-life balance for women and men.

In all these documents, there is a clear reference to the importance of full and equal participation of men and women in the labour market and society at large as being vital to the development of a competitive and prosperous Europe. As a recent Article in the Economist\(^3\) stated: “Forget China, India and the internet: economic growth is driven by women”.

At the same time, the European Commission, Member States and employers organisations often follow an ambiguous path, advocating on the one hand gender equality and gender mainstreaming, but on the other hand adopting economic, employment and social policies that clearly have adverse effects (with one very clear example being the battle about the revision of the Working Time Directive). There is a general denial to recognize the importance - from a gender equality perspective - of such ‘non-trendy’ things as: more and better public services, more collective support systems and social protection, regulation and reduction of working time, more controlled wage bargaining and transparent pay structures, extensive health and safety protection, etc. And there is a general tendency to dilute gender equality issues into ‘diversity’ policies.

\(^3\) The Economist, April 15th-21st 2006, page 14: The importance of sex; and page 73: A guide to Womenomics.
Research has shown that collective arrangements are good for women: in unionized sectors and companies, in countries with a high coverage of collective bargaining, there is a general tendency to have shorter working hours for women and men, more flexible work options under secure conditions, better protection for non-standard workers, and the pay gap is smaller.

For the ETUC and its affiliates, there are many urgent reasons to increase efforts and actions in this regard. Unions will need active women to fight for major trade union causes, which they increasingly understand as being in their interest. And trade unions are not only good for women, but women are also good for unions: in many of ETUC’s member organisations the increase in membership has been female, and their unionisation rate on average (although not in every particular country!) is now more or less proportional to their labour market participation.

Therefore, on the occasion of the mid-term review of its Equality Plan, it is proposed to address existing weaknesses, and take some additional measures to improve performance of ETUC and affiliates in the upcoming year preceding the next congress.

**SUMMARY ETUC EQUALITY PLAN 2003-2007**

The ETUC Equality Plan takes a dual approach, tackling specific gender equality issues as well as gender mainstreaming, calling for the inclusion of the gender dimension in other policies.

The plan refers to the concept of a representation gap, which is the difference between the proportion of women in the decision making bodies of the organisation compared to the proportion of women in the overall membership rate.

The three objectives are addressed to all national confederations and industry federations and to the ETUC itself.

The Plan includes follow-up and evaluation measures as well as sanctions.

A mid-term report on the implementation of the plan has to be submitted to the ETUC Executive Committee and there has to be an evaluation at the next ETUC Congress.
3 Objectives

Objective 1: to eliminate the female representation gap in decision-making bodies, and as a first step, to reduce by half the representation gap in decision-making bodies, by considering the following measures:
- An equality plan.
- Keeping statistics regarding membership of and representation on representative bodies; these statistics will be submitted to the ETUC every two years so that a report can be drawn up for the Executive Committee.
- Adapting the ways in which meetings are held and changing the trade union culture.

Objective 2: to extend gender mainstreaming
Firstly, by including the gender dimension in collective bargaining and/or collective bargaining guidelines. Follow-up and evaluation of this will be included in the ETUI and ETUC annual reports and discussed in the ETUC Executive Committee.
Secondly, by putting gender equality at the heart of a new social welfare architecture.
The ETUC must exert pressure to include this aspect in the European coordination of social protection, and will campaign for adequate income during parental leave.
Thirdly, by continuing to develop mechanisms to encourage gender mainstreaming, using tools such as sex segregated statistics, studies and checklists.

Objective 3: to strengthen the role of the body responsible for gender equality policy, by considering among other things the following measure:
the body should be responsible for drafting a gender equality policy, using the dual approach, and will ensure their follow-up and evaluation. Adequate human and financial resources must be made available. Account must be taken of women who experience multiple discrimination, such as immigrant, disabled, young, elderly or lesbian women.

4 the name varies according to the ETUC member-organisations (women's committee, equality, equal opportunities, etc...)
The ETUC should run equality networks of male and female members of European Works Councils, in cooperation with the European Industry Federations, and organize training on gender equality policies in cooperation with ETUCO, especially with members in the accession countries.

MID-TERM REVIEW: QUESTIONNAIRE AND MAIN FINDINGS

In order to review the progress and assess the impact of the third ETUC Equality Plan, a short questionnaire was sent out to all ETUC member organisations (national federations and European Industry Federations) in July 2005, with a letter from John Monks to all General Secretaries, and copies to the members of the ETUC Women’s Committee.

Although several reminders were sent to affiliates, and after postponing the deadline until February 2006, by that time still only a limited amount of affiliates had responded (30 national confederations, 4 industry federations). On the basis of the responses, a draft report was made by Mrs. Homa Dean, as stagiaire with expertise on gender equality temporarily assigned to the ETUI-REHS.

This draft was discussed in the ETUC Women’s Committee of 25-26 April 2006, with a view to prepare recommendations for the ETUC Executive Committee.

At the Women’s Committee meeting, it was agreed that affiliates who had not yet sent in their response to the questionnaire would still have a short time to reply. This opportunity was used by 2 national federations. In Annex you will find the report as revised, including the latest data as provided by affiliates. Below a summary of the findings.

On Objective 1:

- Most organisations that responded keep some form of statistics, but these are difficult to compare, therefore outcomes have to be treated with caution;
- Average women’s membership has increased from 40% in 1993 to 44% in 2006; this has been mainly the positive effect of the inclusion of the new Member States, who have an average membership rate for women of 53%;
- The participation of women in the congress of their confederation is steadily increasing, from 28% in 1998 to 32% in 2006; their
participation in executive committees showing a much stronger increase (with the Baltic States reporting much higher participation rates than average, and Poland and Malta very low rates); ■ less than half of the respondents reported having some form of equality plan in place; no progress was made on this since 2002; ■ one third of respondents said they had developed some special steps to ensure the participation of women in meetings.

On Objective 2:
■ only half of the respondents reported that they promoted training on gender equality issues in collective bargaining, and less than half had explicit guidelines on this. Even fewer consult their equality body/officers about executing these guidelines; ■ although 'gender mainstreaming' is generally perceived as vital, only very few confederations have developed mechanisms to promote gender mainstreaming (those who did are Scandinavian affiliates, but also for instance the Czech CMKOS and Slovak KOZSR). There seems to be a large gap between the percentage of unions saying they attempt to work on gender mainstreaming, and those who have actually worked out tools and mechanisms.

On objective 3:
■ most respondents have a gender equality body in place. (One confederation, SACO, stated that they did not have one, because a separate body would go against their mainstreaming agenda.); ■ however, only half of those bodies are equipped with a budget for staff or projects, which seems to be less than in 2002; ■ good practice can be found in a number of confederations in old (LO-Dk, CGTP-IN) and new Member States (for instance in LBAS Latvia, where a gender equality council was established which gives advice to the Executive Board, organises studies and seminars, cooperates with the national parliament, and works on equal rights policies in Latvia); ■ half of all respondents mentioned some form of activity with regard to women facing multiple discrimination, but most of these concentrate on elderly women, migrant women, or single parents.
DRAFT RECOMMENDATIONS

The ETUC Women’s Committee discussed the findings extensively during its meeting of 25 and 26 April 2006. The following recommendations are based on the outcomes of that discussion, taking into account that this is just a mid-term review and a full evaluation will have to take place at congress next year.

On enhancing the role of the Equality Plan:

1) ETUC and affiliates should take measures to improve the visibility of the Equality Plan and a sense of 'ownership' at all relevant levels (and not only in their equality bodies);
   a. on the occasion of the mid-term review, the Executive Committee should clearly express that more commitment and action is needed to implement the Equality Plan, among other things by taking up the responsibility to introduce, implement and monitor equality plans in their national or sectoral federations;
   b. it could be considered to strengthen commitment by putting before the next congress a Equality Charter or Pact to be signed by each and every affiliate (see good practice example 3 Belgian Confederations);
   c. the ETUC website should be gender screened and its gender equality section improved.

On the elimination of the representation gap:

2) To measure improvement, and find out where additional action is needed, good and comparable data are indispensable. In the run up to the next congress:
   a. ETUC should develop tools and instruments to help affiliates in gathering data on women’s participation and representation in trade unions at all levels, and be able to present to congress a more comprehensive picture, for instance by introducing an annual “8 March Survey” (good practice example from FNV Netherlands).
   b. Affiliates should express a clear commitment to providing the

5 The ETUC has recently sent a project proposal to the European Commission, to develop tools, mechanisms and instruments to put gender mainstreaming at the heart of the ETUC. One of the tools proposed is such an 8 March Survey, to track progress.
ETUC with such data, and failure to do so will have to be publicly addressed at congress.

c. It could be considered to demand from affiliates to provide gender specific data to the ETUC on the occasion of paying their affiliation fees.

3) There is a persistent lack of women in positions of decision-making in trade unions.

a. It is clear that a combination of measures is needed, and a much more coherent and focussed approach. Several affiliates have good experience with quantified targets and clear rules that have to be observed, to achieve at least proportional participation and representation.

b. The ETUC should develop, together with the training department of the ETUI-REHS, a good practice manual and training courses aiming at increasing the quantity and quality of women in decision-making within trade unions.

c. Gender audits, mentoring programmes and other forms of support for women to take up leadership roles in unions should be introduced.

On extending gender mainstreaming:

4) ETUC and affiliates should adopt a clear commitment to implement gender-mainstreaming (which means: an integrated approach) in all areas of policy-making and activity, and recognize that this demands the development and adoption of tools, mechanisms and guidelines.

a. ‘gender-mainstreaming’ seems a difficult concept to understand and implement; it should therefore be considered to put the issue before the ETUC-Executive for a separate discussion (as was done by the EPSU-Executive); the basis for such a discussion could be formed by a set of draft guidelines;

b. as a first step, the ETUC should set the example by introducing the policy that every document presented to its Executive Committee must contain a gender impact assessment, and at least indicate with a short motivation if and how the gender perspective has been included (see similar good practice examples: SAK-Finland and LO-Norway).

5) Mainstreaming gender equality in collective bargaining remains a major challenge. The following measures should be taken:
a. explicitly inviting, supporting and training women to participate in collective bargaining committees and negotiating teams, including in EWC's;
b. investing in training of collective bargaining negotiators in gender equality issues;
c. conveying clear messages that a gender perspective should be included not only when discussing specific facilities for women/parents such as childcare and flexible working arrangements, but also when negotiating recruitment, pay systems and wage increases, life long learning, restructuring etc.
d. a renewed effort should be made to reduce the gender pay gap, by setting clear targets in the ETUC coordination note on collective bargaining to reduce the pay gap for instance with one percent per year (see previous note of March 2004, where a first step was taken) and by monitoring activities and progress in this regard.

6) The revision of social security and welfare systems is everywhere in Europe on the agenda. Discussions on demographic change and ageing populations are putting more pressure on the debates. It is more important than ever that ETUC and affiliates recognize the gender dimension of these issues, and ‘gender-proof’ all proposals and solutions in this regard.

On strengthening the role of equality bodies:
7) ETUC affiliates are - for many different reasons related to history and culture - in different stages of developing and strengthening the role of women in their organisations. A dual approach, i.e. to integrate gender issues in general policy-making by general structures on the one hand, and strengthen the role of specific equality bodies on the other hand remains necessary. All affiliates of ETUC should therefore clearly earmark budgets and support staff for women and gender equality policies in unions.

On enhancing the role of women and ensure integration of the gender dimension in the next ETUC Congress:
8) ETUC should ensure that the congress documents are genuinely ‘gender-mainstreamed’, regardless of the issues they address.

9) ETUC should ask affiliates to take the need for gender parity into account, when sending representatives to the congress-preparatory
committee. The ETUC Women’s Committee should be given 3 seats for representatives of the (presidium of) the Women’s Committee.

10) Delegations to Congress should be gender-balanced, as a very minimum in proportion to the female membership of the organisation. Women in delegations should have equal positions and voting rights.

11) The Executive Committee should endorse that some ‘sticks and/or carrots’ shall be announced to reward good performance or penalize bad performance, in accordance with the Equality Plan.

2. In its response, ETUC is not planning to include all the argumentation set out in the Communication but instead wants to highlight and comment on the points it considers to be the most important for attaining the objective of social cohesion that must be boosted at both national and European level, and in which Social services of general interest (SSGIs) play an important role. It also would like to point out the flaws of this Communication and to give some direction for future discussions.

Social services that guarantee fundamental rights

3. The ETUC is a keen supporter of the development of high-quality SSGIs because they effectively provide access to the fundamental rights - and the exercise of these rights - contained in the European Union’s Charter of Fundamental Rights. They contribute, therefore, to the construction and development of the European social model.

4. The ETUC firmly believes that the specific nature of and the objectives pursued by SSGIs cannot be made subject to the laws of the internal market. The majority of these services, which meet social objectives and implement solidarity mechanisms, cannot be
classified as economic activities under the terms of the Treaty, i.e. they cannot be made subject to competition regulations. If this was the case, conflicts could arise between the social objectives pursued by these services and competition law and which could, in turn, lead to undesirable developments or even drifts.

5. This is why ETUC also believes that, even if some social services were classified as ‘economic activities’ under the terms of the Treaty, general interest and social objectives must prevail over market principles. The market cannot solve social problems or meet general social needs itself, since it is precisely its weaknesses that have been observed which have forced the public authorities to react in a bid to safeguard fundamental rights for society as a whole and to meet societal needs, particularly those of the most vulnerable people or those on the fringes of society. SSGIs actually meet the collective and individual societal needs for which the public authorities need to act as providers or regulators in order to guarantee and increase the access to the services and ensure certain quality standards across the territory of the Member State concerned. This happens because, as mentioned above, the Member States must ensure that the fundamental social rights contained in the Charter are implemented. It should also be noted that a large majority of these services are provided by solidarity organisations set up in extremely different ways and which often operate on a non-profit basis.

6. The ETUC therefore wants to see adequate measures taken to allow social services to develop and pursue their objectives to work for the good of society above all:

■ because they meet mainly individual and societal needs;
■ because they establish a ‘social link’ via the services they develop and the activities they organise, thereby contributing to social cohesion, also at the territorial level;
■ and also and above all because they use solidarity-based mechanisms to perform a mission of general interest.

The first step

7. The ETUC, therefore, takes note of the Commission’s initiative which represents progress towards recognition of this type of service, something that ETUC demanded a long time ago. However, it...
is discontented that the Communication did not pay much attention to the general interest elements of these services and how they could be guaranteed. A communication on SSGI should highlight the responsibilities of the public authorities at national and local level and also indicate how the rights of citizens and workers could be safeguarded.

8. In fact, these services fall within the scope of the Lisbon Strategy since they are important sources of jobs, but some of the services could also be regarded as economic activities which means that without further protective Community legislation and a genuine well-defined policy at European level, the internal market regulations, above all as regards the free market and rules on free competition would be applied swayed by litigation.

9. The ETUC thinks that whilst there seems to be a large consensus on the acknowledgement of the specific nature of social and health services, different opinions also exist as regards taking them into account at European level. Both the proposals for state aid rules (Altmark package) and the Green Paper on public-private partnerships are likely to have a significant impact on the definition and the implementation of social services, thereby running the risk that the economic dimension of the activity becomes a determining factor in this service. Hence the need, at European level, to acknowledge this type of services and to anchor the application of the principles of general interest to these services in Community regulations.

**Urgent need to anchor social services of general interest in a general framework**

10. Whilst the ETUC considers it necessary to acknowledge the specific position of SSGI in the EU, and welcomes the fact that the EC has recognized this in its Communication it thinks that it does not go far enough since the Commission’s communication does not acknowledge the importance of the principles of general interest and sticks to the market approach. The EC therefore does not provide the answer to the question, how the principles of general interest relate to the market legislation and how the general interest can be guaranteed. An answer which has been demanded by the ETUC, in particular.
11. ETUC wants to see greater attention accorded to the principle of subsidiarity. The majority of SSGIs do not have an obvious European dimension and do not distort trade between Member States. They are founded and organised on the principle of solidarity and are often provided by non-profit organisations. The public authorities should therefore be accorded a more prominent and secure role, particularly as regards the fact that they are not subject to competition regulations.

However, applying the principle of subsidiarity alone is not sufficient for an ever growing range of SSGIs and ETUC will not accept this argument as an excuse for failing to make progress to guarantee better protection of these services. Guaranteeing, or even creating, the conditions required to allow the public service mission of some of these services to be fulfilled is a responsibility that is shared between the Member States and the European Union. It is important, therefore, to find suitable European regulations to ensure that the general interest and values such as solidarity and social cohesion take precedence over market laws and thereby contribute to a high level of employment and a social Europe.

12. Moreover, although the ETUC hails the resolve to place the monitoring and dialogue procedure within the framework of the Open Method of Coordination (OMC) whilst stressing the need to consult the social partners at all relevant levels, it is clear to the ETUC that using the OMC alone is not enough since the Member States and the providers of social services of general interest need legal certainty and legal protection if they are to provide high-quality services. In addition, it seems paradoxical to want to set up a new OMC process at a time when the Council has decided to rationalise the three existing processes.

13. ETUC reiterates its previous demands and calls on the Commission to first draft a framework directive on services of general interest (SGIs). Then, once this framework directive has been adopted and the consultation process launched by the Commission’s communication has been concluded, an opportunity to adopt one or several Community instruments could be envisaged at a future stage, which would allow SSGIs to be legally anchored and to develop and pursue their objectives to benefit European citizens and society. This framework could be used to define common standards for SSGIs as
regards their specific nature, missions, objectives and quality.

**Major improvements and greater ambition required**

14. The ETUC welcomes the fact that, following its input and the mobilisation of its members, some social services and all health care services have been excluded from the scope of the Services Directive. These services cannot be regarded or reduced to mere everyday commodities but require the definition and implementation of public policies which are based on solidarity, including those on prevention, both at national and European levels.

15. However, the ETUC denounces the distinction that the Commission has introduced between social services and health care services. Admittedly, the costs and financial commitments required by these two services differ greatly, but the ETUC does not think that the financial argument justifies this arbitrary distinction which is likely to give rise to further problems. The ETUC is therefore opposed to the creation of separate sectoral strategies.

16. Similarly, ETUC feels that the way in which certain SSGIs were excluded from the scope of the directive on services in the internal market was incorrect and insufficient. The process did not include a prior in-depth analysis of the nature of and objectives pursued by these services, a flaw that could cause problems.

17. In addition and above all, the ETUC thinks that the approach adopted by the Commission in its communication as regards SSGIs is far too restrictive. In fact, social services do not just help those people on the fringes of society or its poor members, although particular attention should be paid to the fact that these services must be of a high-quality, must be accessible to these groups and must meet their needs. Social services also aim to meet the needs and expectations of all individuals. In the ETUC’s opinion, experience shows that trying to give priority to policies ‘for the poor’ often results in the implementation of ‘poor policies’.

18. Finally, the ETUC thinks that there are some inconsistencies in the Commission’s document which acknowledges the legal uncertainty that persists for social services on the one hand but does not
actually put forward any measures to properly remedy the situation and to ensure that principles like solidarity, accessibility, availability and quality can be guaranteed.

19. The ETUC therefore invites the European Commission to demonstrate greater boldness and ambition, in other words to finish what it has started. The ETUC will therefore continue to take active steps in this direction. The same applies to the credibility of the desire to construct not simply an economic Europe but also a social one. In other words, a Europe that sets great store by social cohesion and is based on solidarity, a Europe that can rise to the expectations of European workers and to the aspirations of European citizens.
ANNEX 1:

ETUC Position on the Commission’s Communication on services of general interest (DOC/00/25 - COM (2000) 580)

1. INTRODUCTION

The ETUC has drawn up a draft Charter on services of general interest in collaboration with the CEEP, adopted by the Executive Committee on 15 June 2000. The aim is to have this draft Charter annexed as a protocol to the Treaty of the European Union. The ETUC proposes to take up a position vis-a-vis the Commission’s initiatives on the basis of the social partner’s joint proposal. The Commission is keen above all to strengthen the internal market and accelerate the opening up of markets, but the ETUC takes a broader view. The ETUC believes that services of general interest are an important element in the European social model, and a benchmark for the applicant countries in preparing for membership of the European Union: the transformation from planned economies to a social market economy can only be successful on the basis of efficient modern services of general interest.

The ETUC is in favour of a European Union in which the role of public services in ensuring economic and general social well-being is fully recognised. Market principles must be complemented by social principles. Democratic controls and responsibility, the responsible consumption of rare natural resources, a ban on the abuse of market power, the provision of long term services and the quality of public infrastructures - all these principles must be maintained by public intervention. European framework regulations should play a part in ensuring a consistent approach.

ETUC industry federations are preparing their own position on questions of particular relevance to their sectors. The criteria and principles for services of general interest should also be applied to directives on public procurement.
2. GENERAL POSITION

2.1 The ETUC welcomes the revision of the Communication as an opportunity to remedy existing deficiencies and to provide the necessary clarifications. The Commission states that it is ready to adopt "a pro-active stance on services of general interest, which incorporates and goes beyond the approach based on the Single Market", but we have yet to see the practical results of this declaration. The content, terminology and definitions of the document are ambiguous, which raises a number of questions and criticisms. The Commission has announced "other Community contributions to promote services of general interest", unfortunately without indicating the nature and extent of these initiatives. The ETUC also regrets that the main thrust of the document is not the modernisation of services of general interest regarded as a vital aspect of the European social model, but the opening of these markets as an end in itself. The ETUC is in favour of a pro-active strategy for the negotiated modernisation of these services which will play a part in sustainable social development in the context of a "social market economy" (CEEP-ETUC Charter).

2.2 The Commission has tried to respond to the request from the Lisbon European Council without paying the slightest attention to employment and the employment strategy, which is quite unacceptable. An evaluation which only stresses the benefits of liberalisation and the need to accelerate the liberalisation process, and which pays no attention to the employment question, social policy, the quality of work, social protection, or social exclusion is quite inadequate. As already highlighted in the ETUC-CEEP Charter on services of general interest, the ETUC calls on the Commission to include the employment dimension. Increasing the rate of employment, as decided by the Lisbon European Council and as should be reflected in the overall thrust of economic policy and in the employment guidelines, is an important preliminary step in achieving the general aims of the Treaty. There is a clear link between integrating the social dimension and respecting the aims of the Treaty, as stated: "to promote a high level of employment" (Article 2, Treaty establishing the European Community).

The ETUC calls upon the Commission to respect this imperative in its handling of services of general interest. The balanced development of the European Union is dependent, in particular, on the existence of
quality services of general interest. A satisfactory equilibrium between the economic, social and environmental dimensions must be achieved, whilst respecting a number of essential principles such as: equal access, fair pricing, quality services, the quality of work, quality employment, safety, making a contribution to the fight against exclusion, social and territorial cohesion, universality, "democratic control" and "concertation, particularly with employees and their unions, and with users and their representative associations" (CEEP-ETUC Charter). The ETUC calls on those concerned not to endanger the level of working conditions, health and safety by ill-considered privatisation initiatives. In this context, a system of benchmarking for the quality and safety of affordable services would be welcome.

2.3 In the face of proponents of the greatest possible liberalisation in the sectors concerned - principally telecommunications, water and electricity distribution, transport and postal services - with a view to maximising profitability, the ETUC has always supported the principle that when opening up the market, it should take place in a controlled and sustainable manner, with democratic regulation of those sectors which are a "key factor in the European social model" ensuring social and territorial cohesion. "If the internal market for services is to function in a manner compatible with the provision of services of general interest, the necessary coherence must be ensured at European level. A decision (regulation or directive) will have to specify for each sector: the principles agreed upon for defining general interest tasks; the activities subject to competition and any limitations which may be necessary on this competition (in particular the granting of special or exclusive rights); the relations between the authority and the service provider; and the general framework for regulating and financing such activities" (CEEP-ETUC Charter). It is not enough to pay lip service to the European social model as the Commission does; it must be given practical effect in sectoral policies and initiatives. ETUC agrees with the Commission to exclude the non-economic activities (such as health care, education, housing, social and welfare services, etc) from the EU Internal Market and competition rules. The ETUC supports the Commission’s intention to strengthen "European co-ordination for monitoring the activities of regulators and operators", but would prefer this to be given practical expression in a framework directive accompanied by specific sectoral directives.
2.4 Given the consequences of the socio-industrial and technological upheavals of recent years - particularly the loss of jobs in certain sectors: 40% in the postal sector since the beginning of liberalisation and 250,000 jobs in the electricity sector, with forecasts of a loss of 20% to 25% in future years - the question of the information, consultation and participation of workers, users, the general public and consumers is now back on the agenda. The Commission's document, however, is silent on these issues. The ETUC upholds the need for information, consultation and participation if services are to be modernised: “Information, consultation and participation of employees and their representatives are essential for a negotiated modernisation of service organisation. In this context, the promotion of social dialogue and of the involvement of workers' representatives and their trade unions must enable methods to be developed for their representation in boards of administration or equivalent bodies. Services of general interest should produce an annual social report, which must be the subject of consultation with employees and their representatives and be transmitted to the public authority concerned. When required, there must also be dialogue between employer and employee representatives at European level between the cross-sectoral and sectoral social partners concerned” (ETUC-CEEP Charter).

2.5 Services of general interest vary considerably from one Member State to another. The ETUC emphasises the fact that the Commission's initiatives should not compromise the rights of national public authorities under the Treaty regarding the manner in which they organise and manage services in accordance with the subsidiarity principle. "The decision to create or maintain a service of general interest, the technical and economic characteristics of the service, its quality, the way it is operated and funded, and its democratic regulation are the fundamental responsibility of public authorities. [ ... ] A service of general interest must, according to the principle of subsidiarity, be defined at the most appropriate level and be complementary with European, national and local levels." (CEEP-ETUC Charter). The Commission should not propose simply to open up the markets, but should also demand respect for the quality of services and the standards reached, including working conditions etc. The Commission's criterion of intervening when activities "affect trade between Member States" is too vague: when the European Union begins to liberalise a given sector, this affects trade between Member States automatically.
The Commission has stated that it is in favour of a "European framework relating to the good functioning of services", but it does not explain what this framework might consist of. It takes too narrow a view of the single market, a view which focuses chiefly on avoiding subsidies or state aid which are always suspected of falsifying competition, whilst questions regarding a coordinating and regulatory body are only mentioned in passing. Nor is trade union representation on bodies of this kind mentioned, though the ETUC is calling for such participation. "Limitations in the way the market works, and the wide variety of structures and statutes that national or local public authorities may use to ensure the provision of services of general interest, call for the creation of a body at European level, supported by national and possibly regional contact points, to assess the results obtained in Member States as objectively as possible ... The management of assessment bodies must be pluralist and transparent. Pluralist in the sense of participation in the management of these bodies by representatives of the stakeholders of services of general interest ... " (CEEP-ETUC Charter)

We share a neutral position regarding the public or private ownership of services. "Services of general interest, above all those (...) provided by a public sector or private sector company, shall have their obligations authority clearly laid down.(...) The operator can take the form of an administration, a public sector company, a private sector company or a mixed company. (...) The choice of organisational form for the operator and subsequent changes (transformation of an administration into a public sector company, the partial or total privatisation of a public sector company, or, conversely, a public take-over of a private enterprise) falls within the competence of the public authority responsible for the organisation of the SGI." (CEEP-ETUC Charter). But the ETUC is convinced that it would be a mistake to use liberalisation as a tool with which to attack services of general interest, or as a political argument to launch or back up a privatisation campaign. It would be unacceptable for the Commission to use a concession system to liberalise or privatise public services and enterprises. Such a step would endanger collective agreements and strengthen the trend towards the individualisation of contracts. Above all, we must avoid replacing a regulated public monopoly with an unregulated private monopoly.

A comparative study of regulation in Europe, with a qualitative and quantitative assessment of the effects of liberalisation on jobs in
the various sectors is now needed, along with projections for the future; this is another reason supporting the call for an industrial relations observatory. Recent evaluations, for example those carried out in the water distribution sector, have shown that prices have risen, which casts doubt on the Commission’s assertions. Price reductions during the early restructuring stages are often followed by price rises once restructuring is complete and a new oligopoly has been established, carrying the risk that medium and long term investment is neglected.

2.9 The ETUC urges the Commission and Member States to take rapid action regarding the French Presidency’s proposed initiative aimed at creating a framework for the operation of services of public interest: a framework directive with specific sectoral directives. As a directly involved party, the ETUC and its affiliates expect to be consulted on these proposals. In this context, Article 16 of the Treaty should be extended by appending the CEEP-ETUC Charter on services of general interest as a protocol to the European Union Treaty. The ETUC calls for its own position, and the social partners’ joint position as agreed in the Charter drawn up with the CEEP, to be taken into consideration in the current debate: it would not be possible, for example, to consider public and television services simply from the point of view of the single market without distorting and endangering them, which would have unfavourable repercussions on public opinion. It is becoming a matter of urgency to establish a framework for debate regarding the future of services of public interest, if we are not to run the risk of seeing the legitimacy of European interventions challenged by public opinion, wedded to tradition and unable to understand why European intervention - seen as acting against the interests of these services - is justified. The mission of services of general interest belongs to our common European values. Workers and general public alike expect these services to operate efficiently, and they form a central element in the European social model. The ETUC is ready to enter into constructive dialogue on the future of services of general interest in Europe, which are also a benchmark for applicant countries.

Trade unions should have a consultative role on regulatory bodies and agencies in every sector. Directives on the award of public contracts should be in accordance with the general principles and purpose of services of general interest. It should be possible to promote fair labour standards, the use of renewable energy sources, anti-discrimination and equal opportunity measures, etc.
If the Commission is beginning to hold discussions on a liberalisation measure, systematic consultation of the sectoral social partners will be necessary, and the Commission should make public the results of these consultations. The necessary evaluations must be carried out with the concerned parties, including trade union representatives; and here an observatory could make a significant contribution. Without the participation of all the parties, the Commission runs the risk of receiving naïve evaluations in favour of liberalisation which can be used to legitimise privatisation but which themselves lack all legitimacy.
INTRODUCTION

1. With both the Kyoto Protocol and the European CO2 emissions allowance system due to end in 2012, the European Commission has started to reflect on a future EU strategy for tackling climate change. A green paper is expected at the end of the year.

2. In this resolution, ETUC affirms its support for an ambitious European policy to tackle climate change, outlines the principles that must guide a future European strategy and sets priority areas where action is required.

3. ETUC’s social priorities include a stabilised climate and a healthy environment. The Confederation, therefore, intends to bear its full responsibilities when it comes to tackling climate change, an issue that urgently needs to be addressed outside specialist and environmental discussions and become part of citizenship and democracy, using the revived tools of social dialogue and collective bargaining.

II. ENERGY TRANSITION MUST BE FAIR

4. The Executive Committee sees climate change as one of the most serious threats to the planet. There is now consensus among scientists that global warming is the result of human activities, that there is a risk that climate change will be irreversible and a risk that the social and economic consequences will be disastrous. ETUC, therefore, believes that this evidence is strong enough for strong and significant measures to be taken immediately.
ETUC is concerned that, until now, the majority of countries in the European Union have not assessed the impact that global warming will have on their economic and social fabric. If no action is taken, the populations that will suffer the most will be those who are already the most disadvantaged, a situation that would then cause serious tensions in society. ETUC, therefore, welcomes the planned Green Paper on adaptation to climate change and calls for particular attention to be accorded to populations and jobs that are particularly vulnerable to climate change.

The ETUC is deeply concerned that the European policy to reduce greenhouse gas emissions, as the Kyoto protocol, has completely skipped over the social dimension so far. Tackling climate change means revolutionising our models for energy and development and reorientating individual behaviour. Consequently, the level of acceptance of the measures required will depend in large part on whether account is taken of the social impacts, both positive and negative, and their fair management.

The ETUC considers that these changes offer workers a range of opportunities. Less intensive use of natural resources could be compensated for by more intensive use of labour. Many studies show that tackling climate change could, on the whole, be beneficial for employment.

Reducing EU's dependency on fossil energy resources will contribute to improving energy security. It should allow these resources to be distributed more fairly between industrialised and developing countries, creating the conditions for negotiated energy peace. A reduction in CO2 emissions should improve the health of millions of people suffering from air pollution caused by transport and industrial activities, particularly that of the most disadvantaged populations and workers at sites generating pollution who are the most exposed to the pollution.

However, it is highly likely that the introduction of climate policies would significantly change the way in which manufacturing and work processes are organised. Income, jobs and working conditions could change in the sectors that emit the highest levels of greenhouse gases and manufacturing plants that cannot be converted.
9. Consequently, trade unions want to see the following action taken: better estimation of the impact that climate policies have on employment and skills so that the most appropriate measures are taken; implementation of social transition measures; participation of workers and their representatives in negotiation and implementation of energy and climate policies within sectors and across sectors, in companies and work places and at both national and European level within European works councils and European sectoral social dialogue committees.

10. The Executive Committee reaffirms the principle of "sharing the load of responsibilities and economic opportunities arising from the fight against climate change equally between all sectors of the economy and with workers."

11. More specifically, ETUC calls upon the Commission, Council and European institutions to:

a) Review the guidelines for the European Strategy on Employment and include the objective of exploiting the full potential to create jobs linked to the development of renewable energy sources, energy efficiency and public transportation systems and support efforts to raise the level of qualifications required for these jobs and make them more attractive to young people.

b) Make "social transition towards a low-carbon economy" part of the mandate of the Restructuring Taskforce created by the Commission following its Communication in March 2005 on restructuring and employment. The application scope of the European Globalisation Fund needs to be clarified so that it can be used for workers in sectors exposed to international competition that are the most affected by greenhouse gas emission restrictions.

c) Revise Directive 94/45/EC on European works councils and grant workers' representatives the right to information, consultation and participation in environment-related issues, particularly energy and climate change, as is already the case in some EU countries for national companies.
12. Besides, the Executive Committee calls upon the Commission to set up a European platform for tripartite dialogue on climate change, bringing together European social partners and the relevant Directorates-general. The platform would aim to prevent, avoid or reduce the potentially adverse social effects and fully exploit the social opportunities that could result from implementation of climate policy, in particular those related to competitiveness and employment.

13. Finally, ETUC asks the Commission to launch a consultation procedure based on Article 137 of the Treaty so that the European social partners conclude an agreement on: i) the responsibilities accorded to European works councils and the scope for social dialogue on energy and climate change; ii) joint identification of the sectors affected by measures to reduce emissions or which offer opportunities; iii) commitment to training activities and anticipation of restructuring.

II. PROPOSED COMPONENTS OF A FUTURE EU CLIMATE CHANGE POLICY

INTERNATIONAL FRAMEWORK

14. The Executive Committee is keen to see the Kyoto Protocol extended beyond 2012 with new reduction targets being laid down for industrialised countries. ETUC, like the international trade union movement, believes that it is essential that the industrialised countries that have not signed the Kyoto Protocol become part of such a framework and encourages the European Union to make every effort to encourage these countries to do so.

15. The rules of international trade should take into account efforts to reduce greenhouse gas emissions.

16. At international level, ETUC also believes that efforts to tackle climate change need to be extended to developing countries emitting high levels of greenhouse gases. This should be done in accordance with the principle of common but differentiated responsibilities and
respective capacities. ETUC calls for efforts to assess how appropriate it would be to encourage developing countries, and particularly those emitting high levels of greenhouse gases, to voluntarily set their own targets for reducing emissions by offering a large-scale multilateral programme to transfer technology; such a programme may require, if necessary, suspension of intellectual property rights linked to these technologies.

**THE EUROPEAN CLIMATE CHANGE POLICY**

17. The Executive Committee is concerned that the European Union as a whole and a large majority of Member States are not on target to meet commitments to reduce emissions during the period 2008-2012 made under the Kyoto Protocol. ETUC urges the Commission to take additional measures and apply stricter criteria when approving National CO2 Allocation Plans for 2008-2012.

18. The Executive Committee supports the adoption of the ambitious targets to reduce greenhouse gases in the EU by 25% by 2020 and by 75% by 2050 in comparison with levels in 1990. It also believes that this commitment should be made independently of international negotiations on the post-Kyoto period. ETUC believes that the benefits for the EU of such reductions far outweigh the costs as long as:

a) The social requirements listed above are met;

b) The scope of European policies are extended to cover all greenhouse gases and all sectors. More specifically, it should cover emissions generated by road transport, aviation and maritime transport that are increasing rapidly. It should also include emissions of other greenhouse gases which have increased significantly since 1990;

c) The CO2 emissions trading system is harmonised as far as possible at European level to reduce distortion of competition within sectors;

d) A very long-term policy framework for the carbon emissions market is set in order to incentive and secure investment in the new low carbon manufacturing sector.

19. The Executive Committee is of the opinion that there is an urgent need to share the burden of reducing emissions more fairly between 'domestic' sectors (transport, residential, tertiary) and other
sectors, in particular industry, which are directly exposed to international competition. Efforts must be stepped up in the transport and residential sectors where emissions are increasing at a very fast rate.

20. At the same time, industry and energy sectors need to continue efforts to reduce emissions with the support of European research and development programmes. These programmes must be strengthened and given a new focus in order to speed up technological breakthroughs that will dramatically reduce emissions generated by industrial processes.

21. With regard to transport, ETUC is disappointed at the lack of ambition displayed by the European Union. ETUC wants to see strategies for sustainable transport coordinated at European level with the objective of transferring road and air traffic to other modes of transport that generate lower levels of greenhouse gases (railways, waterways, public transport, cycling, walking) and develop intermodal transport. ETUC demands:

a) A European framework for tariffs on the use of transport infrastructure that aims to internalise external social and environmental costs of different forms of transport and permit cross-subsidisation from the road transport sector in addition to the financing required to improve working conditions in the road haulage sector;

b) The construction of the trans-European transport network with priority given to projects that aim to prevent climate change (combined road-rail transport, waterway connections). The possibility of financing these projects through a new European tax on heavy tonnage maritime shipments and kerosene used in civil aviation should be examined more closely;

c) Compliance with the voluntary agreement reached between European automotive constructors to limit CO2 emissions from new vehicles to an average of 140 g/km by 2008 and adoption of European legislation setting CO2 emissions requirements at an average of 120 g/km in 2012;

d) A European strategy for sustainable mobility of workers between their homes and places of work. ETUC proposes a requirement for companies of a certain size to appoint a mobility officer and develop mobility plans with to involve workers representatives in this process.
22. Recognising the huge potential of energy savings and jobs linked to renovation of buildings and the need to tackle fuel poverty, ETUC repeats the demand it made in the joint manifesto with the European Environmental Bureau and the Platform of European Social NGOs (Social Platform) entitled 'Investing for Sustainable Development' for a European programme to renovate energy facilities in housing, targeting housing for the most disadvantaged as a priority. This type of programme must receive funding from the European Investment Bank (EIB) and the EU structural funds.

23. With regard to energy, ETUC is of the opinion that the EU must step up efforts to diversify energy sources and significantly increase the percentage represented by renewable sources, some biofuels and cogeneration of heat and electricity. ETUC backs the unanimous appeal made by the European Parliament for 20% of energy to be supplied from renewable sources by 2020.

ETUC also urges the Commission to study the costs and benefits in terms of employment, the environment, competitiveness and energy security related to a European strategy to spread clean carbon technology including carbon capture and storage in geological formations.

Finally, ETUC would like to draw attention to the potential contradictions between liberalisation and privatisation of the European energy market, which may encourage a race towards energy generation and short-sighted investments from private operators, and the need to control energy consumption levels. Consequently, ETUC asks the Commission to take these factors into account when drafting its report on progress made in liberalisation of the energy sector in early 2007.

24. The Executive Committee is alarmed at the number of Member States planning to purchase large quantities of credits from projects under the Clean Development Mechanism (CDM) in order to meet their targets under the Kyoto Protocol. ETUC believes that, given the lack of limits for emissions in the host countries, these mechanisms are only acceptable from a social and environmental perspective if the following three conditions are met: i) that they are used in addition to national measures; ii) that the projects meet internationally-recognised social and environmental standards; and iii) that the trade unions in the purchasing country and the host country are consulted on the projects.

ETUC therefore urges the Commission to request from every
European government that acquires credits from project mechanisms to introduce a consultation process for the national stakeholders and to impose a social and environmental responsibility requirement on the projects. Belgium may be taken as a model on this point.

If this trend is confirmed, ETUC would ask the Commission to place restrictions on the proportion of flexible mechanisms included in Member States’ reduction targets.
The European Commission has recently adopted a proposal for a ‘Recommendation of the European Parliament and of the Council on the establishment of the European Qualifications Framework for lifelong learning (EQF)’.

The EQF is designed to create common references to help the Member States, enterprises and citizens to compare the certifications issued by the various European education and training systems.

It is a response to one of the objectives of the European Council in Lisbon in 2000, to improve the transparency of qualifications.

It establishes eight levels defined by a set of descriptors indicating the learning ‘acquis’ expected from a qualification of that level, irrespective of the qualification system.

The EQF might thus allow and even valorise the mobility of individuals, not only beyond national borders, but also on the professional path towards training, and vice versa, throughout people’s lives.

Unlike most of the tools or frameworks designed to compare or identify qualifications, diplomas or examinations, the EQF is based on the results of the learning. Aptitudes, skills and knowledge are the main indicators of the reference level rather than the duration of the periods of study.

According to the explanatory memorandum, ‘Increasing transparency is important for the following reasons:

- It enables individual citizens to judge the relative value of qualifications.
- It is a prerequisite and condition for transfer and accumulation of qualifications. Pursuing lifelong and lifewide learning requires that individuals are able to combine and build on qualifications acquired in different settings, systems and countries. Transparent systems make it possible to judge how qualifications can be
linked and/or combined.

- It improves employers’ ability to judge the profile, content and relevance of qualifications on offer in the labour market.
- It allows education and training providers to compare the profile and content of their own offers to those of other providers and thus also is an important precondition for quality assurance in education and training’.

The ETUC considers this proposal, which it had supported in principle, to be a major stage for the implementation of a European employment market.

VALIDATION AND RECOGNITION OF QUALIFICATIONS AND SKILLS

The framework of actions for the lifelong development of Skills and Qualifications which was adopted in 2002 (by the European social partners) considers the validation of learning as a shared objective and a priority field of action.

Validation of learning meets the needs of the individual learner. Validation backs up social integration, employability and the development and utilisation of human resources. Validation is particularly important for people seeking to join or rejoin education and training, the employment market and society as a whole.

The ETUC supports the development of skills and competencies and the validation of non-formal and informal learning in all countries and at all levels of education and training.

The draft recommendation on the EQF is based upon the learning outcomes and not the duration of the periods of study.

The development of competencies and skills after the initial training occurs principally in everyday working or informal training situations. With more particular regard to workers with low skills levels, learning often occurs outside official training structures. Validation and recognition of these activities should form a priority when it comes to the examination of the development of knowledge, skills and competencies among Europe’s workforce.

EQF – A TOOL FOR MOBILITY

Trade unionists and workers see the European Qualifications Framework as a tool fostering mobility and an aid in accessing lifelong learning. The initiative is European, but most of the actions and decisions required need to be taken at the national level.
The EQF is the pinnacle of an edifice which needs to be based upon the national, regional and sectoral frameworks. These frameworks rest upon individual qualifications which in turn rely upon training, learning and validation. The operational role of the EQF as a meta-framework is limited to the comparison of individual qualifications within the various systems.

The ETUC focuses on this function because it allows workers to be mobile while still being recognised in terms of qualifications beyond national borders. To achieve this objective, national qualification frameworks need to be devised in accordance. This is an essential question for the trade unions.

Qualifications and certifications are generally developed at national, regional or sectoral level, in line with the nature of the social relations and specific cultural features existing at that level.

The EQF must be based on a well defined subsidiarity principle, allowing respect for the different levels of social consultation and elaboration while also simplifying the rules at European level in order to ensure positive mobility.

All decisions concerning the national frameworks, the qualifications and individual methods of recognition, validation or certification must be taken at the national or regional levels, jointly with the social partners.

The ETUC focuses on the need to involve all the partners in these processes. The social partners play and will need to play an active role in the drafting of the frameworks for certifications and qualifications required in professional life. The social partners, jointly with the authorities, will need to define and apply national principles, laws and tools designed to make the national frameworks operational.

Transparency of certifications seeks to remove the barriers to lifelong learning which exist within the national training systems and between them. The EQF must seek to develop bridges between training systems, notably to facilitate mobility between professional training and general education, including higher education. In parallel, the EQF must be used to facilitate recognition of learning in the workplace.

The ETUC will work closely with its member organisations to ensure that this recommendation is adopted definitively.

It will be closely monitoring its implementation, the first stage for
European recognition of workers’ qualifications, which will need to be fully catered for in the adoption of the statement of co-operation between the Ministers of Education, the European Commission and the social partners at the informal meeting of Education Ministers on 5 December 2006.
ETUC’S POSITION on the First stage consultation of the Social Partners at Community level on the Reconciliation of Professional, Private and Family Life

Executive Committee, 8/12/06

On 20 October 2006, the European Commission formally consulted the European social partners on the reconciliation of professional, private and family life. This is the first stage of the consultation process and is one of the follow up measures put forward by the Commission in its recent Communication on Demography, to respond to the demographic challenge which the EU is facing.

This response reflects the position of the ETUC on the specific consultation regarding reconciliation of work, private and family life. It has to be read in conjunction with our previous position on the Green Paper on demographic change. The ETUC will also prepare, at a later stage, a response to the Commission’s Communication on the demographic future of Europe, addressing the range of wider issues involved.

I. CONSENSUS AT EU LEVEL ON THE IMPORTANCE OF POLICIES PROMOTING WORK-LIFE BALANCE.

The issue of care and reconciliation of private and professional life has been on the European political agenda for some time and the European Commission has also previously consulted the social partners on this issue. Recent initiatives include:

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2 Confronting demographic change: a new solidarity between the generations ETUC Contribution to the debate started by the Green Paper, 14-15 June 2005 http://www.etuc.org/a/1427
- European Council of Barcelona in 2002 – agreement on specific targets for the provision of childcare as part of the EES

- Adoption of a guideline on reconciliation in the Integrated Guidelines for Growth and Jobs adopted in July 2005
- Adoption of the European Commission’s EU Roadmap for Equality between women and men in 2006, which highlights the importance of reconciliation of work and family life and calls for flexible working arrangements for women and men
- Endorsement of the European Pact for Gender Equality at the European Spring Council 2006, whereby MS have committed to measures which include the achievement of the Barcelona targets, improvement of the provision of care facilities for other dependants and the promotion of parental leave for both women and men

Furthermore the European Social Partners have also taken action in this area, having negotiated both the Parental Leave and Part Time Work Directives in the past, and more recently with the jointly agreed Framework of Actions on Gender Equality, which highlights the issue as one of the 4 priority areas for action. Included amongst the initiatives which should be considered are: flexible working arrangements for women and men; promotion of a more balanced take up of the various possibilities on offer; jointly approaching public authorities to develop instruments to increase the availability and accessibility of care facilities.

The ETUC therefore welcomes the Commission’s decision to launch a consultation on this topic, as despite the fact that much has been done so far, both by the European and national public authorities, and by the social partners, more needs to be done at various levels including at EU level, and such a consultation can facilitate this. The Commission has indicated that depending on the responses received in this first round of consultation, it will put forward some concrete proposals for EU action in 2007. These will form the basis for a second stage consultation of the social partners.

The ETUC’s response to this consultation can be divided into the following categories:

- The need to make gender equality and work/life balance central
to the debate on demographic change, while recognizing the diversity of 21st century family patterns;

■ An evaluation of existing legislation (some of them based on social partner agreements) and proposals to modernise and upgrade certain parts and elements (Parental Leave Directive, Maternity Protection Directive, Part Time Work Directive, Working Time Directive);

■ The need to introduce new legislation and/or to take other measures in certain areas (such as a right to paternity leave and leave for adoption);

■ Mainstreaming work/life balance in working time regulation, policies and arrangements;

■ Stepping up actions and measures to enhance the availability, quality and accessibility of care services (childcare, eldercare, care of dependents);

■ Campaigns to encourage men to share household and care tasks at home and to avail of arrangements and provisions;

■ Initiatives to ensure that commitments made at the EU and national level to reach certain employment related targets are met, including addressing the quality of women’s employment in care and household services.

II. GENDER POLICIES ARE ESSENTIAL FOR DEMOGRAPHIC RENEWAL

According to the recent Communication of the Commission on the demographic future of Europe, over the next decade the working age population will begin to decline. However, the total number of persons in work in the EU will continue to increase until around 2017, mainly because of the higher participation rate of women in work, and older women gradually being replaced by better-educated younger women with greater involvement in working life. This creates, according to the Commission, a window of opportunity permitting the implementation of reforms before the effects of population aging make themselves fully felt.

According to the ETUC, there is an urgent need to join forces at all relevant levels to make use of this window of opportunity. However, to be able to do that with positive results, the current contradictory
demands on women, men and families, often accompanied by counterproductive policies and (lack of) measures, need to be urgently addressed and replaced by more consistent and proactive policies.

To do this, two main scenarios are possible:

a) Scenario 1: Adding women to the picture:

- The focus is on increasing women’s participation in labour markets that are mainly geared towards the traditional concept of a worker being male, available on a full time basis, whose personal needs are taken care of by ‘invisible hands’ (women) organising his home and his family; in this picture unpaid work is neither seen nor valued;
- The decision to have children is seen as a private/individual matter, and therefore the costs of raising children and combining work with family life is primarily seen as an individual burden, for which people can receive ‘support’;
- The family is mainly perceived as the traditional nuclear family (husband, wife and children);
- Working life is a linear biography, based on the male model of work, in which the elderly are mostly perceived as a burden on pension systems and should be convinced to work longer;
- The focus is on providing women with individual solutions to cope with reconciliation, such as part time and flexitime work arrangements, child care facilities etc, while not challenging the fundamental division of labour between women and men at home nor at the workplace.

The consequence of this scenario is: a continuation of the traditional division of labour between men and women at home, and segregation at the workplace. The burden of adjustment is mostly on individual women. In the short term the advantage seems to be that there are low visible costs or investments.

However, in the long term there is a high price to pay, in terms of low fertility, stagnation in labour market participation and shortages on the labour market, persistent gender gaps in terms of pay, pension rights etc, and insufficient utilisation of female human capital.
b) Scenario 2: Choosing structural change:

- The focus is on redefining the concept of a 'standard' worker, as a person who, at various stages in his/her life will have to take care of children and/or relatives and/or parents, and is therefore never available on a “full time” (i.e. unlimited time) basis; the degree to which a worker has such burdens may however differ throughout a life course; in this scenario, unpaid work is a dimension of everybody's life, and can be valued as a source of experience.
- The family is perceived as a diverse concept, including single parent families, same sex couples, three generation units, etc.
- The decision to have children is a private matter, but at the same time it is recognised as being in the public interest to create an environment that facilitates this decision. Therefore the costs of raising children and combining work with family life are seen as investments of society in the general interest.
- Working life is a flexible biography, covering potentially a variety of realities with alternating periods of high work intensity and lower work intensity; the elderly are seen as a potential resource that should be used to the full.
- The focus is on providing men, women and families with support, including incentives to allow them both to have access to various options within the framework of organised public policy, and adapting work organisation to their needs.

The consequence of this scenario is: a gradual change towards a modern division of labour between men and women at home; and diminishing gender gaps in the workplace. The burden of adjustment is more evenly spread on women and men, workplaces and societies. In the short term higher investment is needed. In the long term however much higher benefits will be achieved, in terms of higher fertility, higher labour participation, more gender equality, and full utilisation of male and female human capital.

The first scenario is a 'compromise' scenario, which currently can be found in many Member States. However, for the ETUC, the choice is clear: the second scenario is the preferred scenario. In our view, this scenario means that gender equality and the ‘reconciliation of professional, private and family life’ must be mainstreamed in all policies regarding employment, social security and public and social services.
III. GENERAL COMMENTS

A key prerequisite for gender equality is for women to be able to earn an income that allows for economic independence without being penalised for being potential mothers and carers. This means first of all having access to the labour market and a secure job with a decent income. However, in reality we know that women are particularly at risk of experiencing inequalities in employment and income directly as long as they continue to be primarily responsible for reproduction and caring activities, which impact negatively on women's participation in working life, career advancement, the ability to work full-time, wage levels, pension entitlements etc. This problem is a growing one, especially for the sandwich generation – those who have to combine caring for their children and their elderly parents, with holding down some form of paid employment.

Care policies and the provision of care services are intrinsically linked to the achievement of equality between women and men. The lack of affordable, accessible and high quality care services in most EU countries, the fact that care work is not equally shared between women and men, and the fact that work organisation is not geared towards workers combining work and care have a direct negative impact on women's ability to participate on an equal footing in all aspects of social, economic, cultural and political life.

Giving women better opportunities to fully and equally participate in the labour market, while allowing them to combine that with starting and raising families in shared responsibility with their partners has to be seen as an asset and an investment in economy and society as a whole, particularly in the context of the current demographic changes and challenges in Europe. There is a causal link between the lack of work life balance options in the context of mainstream employment and the decrease in the birth rate.

The consultation paper notes these different aspects, but it falls short of referring to problems caused by extremes in working hours – i.e. excessive full time (over 45 hours per week) and marginal part-time work (under 20 hours per week), and the fact that it is often men who work those excessive hours and women who have short part time contracts, which perpetuates a vicious circle of inequality and
segregation at home and in the workplace, and puts stress on families.

The ETUC would like to see greater efforts to put forward measures to promote convergence between too short and too long hours, between the working hours of men and women, and to promote work-life balance for men and women. Reducing long hours and upgrading marginal part time work can be addressed in various ways, including by allowing workers genuine options for adapting their working hours to their needs, within a protective collective or legislative framework. The current debate on the revision of the Working Time Directive should be used to modernise and improve the protection of workers also in this regard, as has been proposed by the European Parliament in its first reading.

The consultation paper also acknowledges that progress has been made at EU level to ensure maternity and parental leave rights for workers. However, the picture across the EU is very varied regarding the policies that support work life balance and the level of protection provided, with every country having its own mix of care services, leave facilities, flexible working time arrangements and financial allowances. This is especially true in terms of the income that accompanies these rights and the take-up by men of their share of family responsibilities.²

Within Europe, only a minority of countries have so far achieved a continuity of public responsibility for childcare, addressing children from birth to 10 years. While childcare services for preschoolers (3-6) are often, but not always, available, there is often a dramatic gap when it comes to services for 0-3 year olds and without this coverage, it is very difficult for parents, and especially mothers to balance their work and private lives – often the result is that women change jobs, move to part time, often precarious jobs, or take career breaks and step out of the labour market for a period of time.

² ETUI Report No. 66, Analysis of the implementation of the parental leave directive in the EU Member States, S. Clauwaert, 2000, Brussels
ETUI Report No. 73, Survey on the implementation of the part-time work Directive / Agreement in the EU Member States and selected applicant countries, S. Clauwaert, 2002, Brussels
Therefore, the provision of good quality care structures for children of all ages must be an essential element of an EU social model and should be provided in the public sector or in public-private partnership under clear public responsibility and be affordable to all those who need them.

Data on care of dependents is scarce and there is a critical lack of provision for the care of older people. However, we know that a large majority of this work is done by women, and is either provided on a voluntary basis or provided in informal employment relationships, including undeclared work. Demand for this type of care is on the increase, and will continue to be, so it is essential that more sustainable policies be developed to support proper employment opportunities for those providing such care, while taking into account that formal care does not substitute but rather complements informal care arrangements by relatives and communities.

The full commitment of EU Member states in the organisation and support of care for all dependants cannot be underestimated. Member States must commit sufficient funds and resources to providing care services and to making possible the full realisation of reconciliation policies. Strong political will on its own is not enough, it must be supported by the introduction of legislation, programmes and resources including budgets for the effective implementation of these measures.

The consultation paper makes no explicit reference to the broader context of care delivery and its effect on care workers and social exclusion, which the ETUC regrets. It is essential that the ongoing restructuring and privatisation of public services does not impact negatively on workers and care service users, a majority of whom are women. A gendered and social analysis of the changes introduced by privatisation is therefore also needed.

IV. RESPONSE TO SPECIFIC QUESTIONS PUT TO SOCIAL PARTNERS.

(i) Do you consider that there is a need for further action on reconciliation between professional, private and family life in the European
Union? If you consider action to be necessary, should such action be undertaken at Community level, national level, enterprise or sectoral level?

The ETUC considers that there is an urgent need for further action on reconciliation between professional, private and family life in the EU in order to enable women and men to participate fully in both the private and professional spheres of their lives. Reconciliation between professional, private and family life is a pre-condition for achieving genuine gender equality. It is therefore directly linked to the EU’s primary goals of tackling discrimination between men and women, and promoting gender equality.

Reaching the Lisbon targets of higher female employment rates, both in terms of quantity as in quality of employment, is impossible without further promoting reconciliation policies in Member States. The EU has an important role in coordinating and stimulating action at national level, and monitoring its effectiveness.

The EU must safeguard against gender equality and reconciliation policies falling victim to national or European economic policies promoting competitiveness, or disadvantaging those Member States that take proactive and elaborate measures. In other words, there is a need to ensure a level playing field between Member States regarding the direct and indirect costs of reconciliation policies.

At European level, the current framework of legislative provisions and policies especially in the area of maternity protection and parental leave, working time and part time work, and childcare, eldercare and other essential household services should be evaluated, to assess where adaptations and improvements are necessary, and to explore where European Social Partners could take initiatives. Whereas the EU in the past has been at the forefront in the promotion of gender equality, currently EU level legislation and policy in this area is lagging behind developments in many Member States.

The EU needs to intensify its actions to promote convergence instead of increasing differentiation and wider gaps between Member States with regard to national policies to support reconciliation. One priority area for action is to tackle the wide differences that exist at
national level in the provision of quality, affordable and accessible care (for children, dependants and the elderly) as well as the differences that exist in terms of the extent of and payment during care leave.

In addition, public investment (or the lack of) in public childcare and eldercare services needs to be addressed urgently.

The issue also needs to be tackled from the point of view of working conditions for those employed in the care sector. In this regard, the Commission's proposals in the Gender Equality Road Map 2006-2010 to examine job classification in care services will be of importance.

Reconciliation of work, family and private life is also an indispensable dimension of the organisation of working time. Any revision of the European Working Time Directive will therefore have to take this dimension into account.

More generally, there is an increasing awareness that the issue of health and safety at work, an important area of EU competence, has a strong gender dimension which is related to the division of paid and unpaid work between men and women and the double burden that women are often faced with.3

In the upcoming debate on the Green Paper on Labour Law and the related discussion on Flexicurity, an important concern to be addressed is the negative effect on job and employment security for women resulting from interrupted careers and compromise strategies to combine work and care responsibilities, resulting in precarious employment relationships and even poverty.

At the same time, many women providing essential household and care services to other workers or to the sick and the elderly are working in informal employment relationships that do not provide them with proper social protection.

3 The gender workplace health gap, Laurent Vogel, publication of the European Trade Union Technical Bureau for Health and Safety TUTB
These problems cannot be solved without addressing the issue of reconciliation of work, family and private life in a more comprehensive way at all relevant levels, including the EU level.

(ii) What are the main areas in which improvements could be needed, taking into consideration in particular: 1) working time and flexible working arrangements; 2) new possibilities offered by information technologies; 3) availability and quality of childcare and care services for the elderly and other dependants; 4) leave, including paternity leave and leave to care for an elderly parent or a child or other family member with a disability?

1) Working time and flexible working arrangements: workers need a different kind of flexibility

The regulation of working hours is fundamental to our societies and lies at the heart of Social Europe. It recognizes the need to safeguard the health and safety of workers themselves, and the need to allow working people to raise their families ('the short term and long term reproduction of the labour force') as crucial to the interests of workers, societies and economies.

Reconciliation is therefore a key issue which underpins the debate on working time – both in terms of excessive working hours and too short working hours, both of which distort women and men’s ability to reconcile their work and family life.4,5

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4 According to the recent working conditions survey of the Dublin Foundation, while 80% of workers are positive about their work-life balance, 44% of those workers working long hours – over 48 hours a week – report being unhappy with their work-life balance (http://www.eurofound.eu.int/pubdocs/2006/M/26/en/1/e0607en.pdf).

5 According to new research, published in October 2006, by the Equal Opportunities Commission in the UK more than 400,000 women could be tempted back into the workforce if employers were willing to offer more flexible working patterns. With over 2 million women in Britain staying at home to look after families and households, that could mean a boost to the workforce of more than 400,000 people. Economists say coaxing more women into work will be critical to defusing the demographic time bomb facing much of Europe, and boosting the long-term growth rate of ageing economies. The payoff could be £2bn a year in the UK alone, according to recent research. Jenny Watson, the EOC’s chair, said: ‘Far too many women find their choices are constrained. They are driven out of rigid, long-hours workplaces they simply find incompatible with having a family or caring for relatives. Our old-fashioned approach to work – in particular to working time – is crying out for reform.’
However, whereas the focus in many discussions until recently has been mainly on the amount of hours worked as such, there is increasing evidence that the irregularity and unpredictability of working hours (often referred to as ‘flexibility’) is becoming an even more problematic issue from the perspective of reconciliation. Working time policies and regulation should therefore explicitly provide for clear limitations to long and irregular hours, while also providing workers with instruments and tools to have a say in the scheduling of working hours, and adapt working hours to their needs (which is a different kind of flexibility!).

These policies should also provide workers with genuine options to combine a full time job with family responsibilities, and thereby avoid that workers involuntarily take recourse to part time work.

These issues, which are the logical counterpart of current proposals to introduce more flexibility for employers, will have to be addressed primarily in the revision of the Working Time Directive (WTD).6

At the same time, policies on part time work should be reviewed, to promote both women and men being able to voluntarily take up part time work, and making such choices reversible. In several countries, a legal right to request part time work exists, which obliges employers to various degrees, to take these requests seriously and motivate a refusal (UK, Netherlands, and Germany). In the UK, this right is limited to parents of young children. In the Netherlands this right is available to everyone without limitation, and any adaptation is possible, from full time to part time and vice versa, including the right to extend hours from short part time to longer part time arrangements.

This issue has already been addressed in terms of a recommendation in the Part Time Agreement between Social Partners at EU level, which was the basis of the Part time Directive. Social Partners at EU level should be asked to further elaborate this approach.

6 The European Parliament in its first reading on the revision of the WTD came up with the proposal to introduce an obligation for employers to inform workers well in advance of any changes in their working time pattern, and a right for workers to request changes to their working hours and patterns.
Whereas in the ETUC's view, maximum working hours and minimum protection should be regulated by EU legislation, there is enormous scope for the provision of flexible working patterns at sectoral or company level. In their Framework of Actions on Gender Equality, the Social Partners have taken up recommendations in this regard. In the ETUC's view, these flexible working patterns should be promoted primarily on the basis of negotiated agreements between social partners at various levels, providing for a supportive and protective framework that allows workers to adapt their working hours and working time patterns without losing employment and social security protection. It is of major importance that such flexible working patterns be open to men and women alike, not only focussing on mothers or parents with small children, and be reversible.

The ETUC wants to stress that 'flexible working arrangements' must be clearly understood as working arrangements that provide workers (men and women) with flexibility in the context of mainstream employment relationships. All too often, women are paying a high price for their need to adapt work to reconciliation needs by accepting precarious employment conditions (such as on call or zero hours contracts, small part time contracts with irregular hours and the obligation to work overtime without extra payment, etc.), that are often confusingly called ‘flexible contracts’.

As a final remark, the ETUC warns against promoting part time work as a panacea for work-life balance needs. Part time work may constitute both an opportunity and a threat to women's security, depending on how it is organised and embedded in wider social and employment policies. It is an opportunity when it allows flexibility for balancing work and family responsibilities or other private needs on the request of the worker, is well protected in employment regulation and social security, and is reversible. It is, however, menacing to women's current – and future – well being when it becomes a feminised ghetto, with low wages, without opportunities for career advancement, and with no chance of moving to a full time job (in some highly feminised sectors nowadays there are almost no full time jobs on offer,...). Nor is it a proper solution for families with only one wage earner available (increasingly, women working part time are the new working poor....)\(^7\). In addition, it may

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\(^7\) See Jane Jenson "The European Social Model: Gender and Generational Equality", in "Global Europe, social Europe", edited by Giddens, Diamond and Liddle, 2006
often lead to women being under-employed (both in terms of the number of hours worked, as in terms of the skills level of their job) and may constitute an underutilisation of female human capital.

Current policies with regard to part time work should therefore be reviewed also in terms of their effect on gender segregation in the labour market, and measures should be taken to counter these effects. Lessons can be learnt from the great variety of good and bad practice experiences in countries with a high incidence of part time work (such as the Netherlands, Scandinavian countries, UK). The Commission could promote comparative research in this regard, and invite Member States and Social Partners at all relevant levels to make part time work a genuine quality option for men and women.

2) new possibilities offered by information technologies

Information technologies can play an important role in providing training, for instance for workers during their maternity or parental leave, to stay up to date or to use their time for acquiring additional skills. These possibilities should be further explored and developed, taking into account that they should be encouraged as voluntary options.

Information technologies can also provide tools to workplaces in which workers are allowed more say in the scheduling of their working hours, providing management and workers with the possibility to exchange information, and react quickly to a sudden change in availability (for instance when a child is sick etc.).

ICT can offer new opportunities for improving work-life balance, as well as reducing the impact of travel to work on the environment, through smarter working practices.8

However, in the ETUC’s view, the option of telework is in itself not a solution for work-life balance needs, and may entail risks in terms

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8 For instance one of the largest UK employers (British Telecom) has pioneered remote and flexible working for all staff, which among other things has resulted in a remarkable rate of return to work of women on maternity leave that has risen to 98%, attributed to the varied range of flexible working policies in combination with remote working available to new mothers.
of social protection and career perspectives. EU Social Partners reached an Agreement in 2002 to improve the quality of telework, to provide teleworkers with the necessary protection, and to promote voluntary telework. In the same way as with working time patterns and part time work, the workers’ capacity to exert genuine influence on the organisation of their work is key.

3) availability and quality of childcare and care services for the elderly and other dependants

Clearly, more is needed in terms of the availability and quality of the care services provided across the EU, not only in terms of childcare, but also elder and dependant care. The Barcelona targets on childcare which were introduced in 2002 have not yet been realised and the Commission needs to put Member States back on track, by taking more explicit and proactive action against Member States that are clearly not taking sufficient and appropriate action.

In many Member States, publicly funded care services are lacking and even non-existent, which results in private provision, often at unaffordable prices, and often with demand outstripping supply.

Very few, if any, countries offer childcare as a right to parents and children, in the way that education is a right, and this means that parents are often faced with dilemmas over the availability, quality and affordability of childcare, and that its costs are often seen as a burden on the women’s potential wage (which, when costs are high, may lead to the decision that women cannot afford to take up paid employment!).

In several Member States, seemingly generous long maternity or parental leave periods (although often with low or no pay) camouflage the absence of childcare facilities, and maintain a vicious circle in which women have little choice other than to leave the labour market for long periods when they have children, and have great difficulty re-entering after several years of absence.

The ETUC is of the opinion that it is high time to address the provision of childcare as a general interest as much as primary school education, and to demand from Member States to develop it as a generally available public service.
At the same time, as the issue of childcare is clearly perceived throughout Europe as being one of the highest priorities, one could consider asking the European Social Partners to develop recommendations on how to increase the availability, accessibility and quality of childcare, taking into account the positive role social partners are already playing at national and sectoral level (for instance on the basis of an exchange of good practices), often in cooperation with public authorities.

Introducing legal and other measures to promote the provision of elder care and care for dependants would also be a welcome departure as the provision for this across the EU is very varied, ranging from non existent, to marginal. To start with, a new target could be added to the Lisbon goals.

In October 2005, the ETUC Executive Committee adopted an appeal to the European Institutions and Member States “For sustainable and supportive dependent care under the Open Method of Coordination: for the definition of ambitious Europe-wide objectives”, among other things demanding to recognize the right to quality effective care, to develop substantial services and to provide sufficient numbers of qualified personnel, and last but not least to guarantee appropriate and sustainable solidarity finance.\(^9\)

4) leave, including paternity leave and leave to care for an elderly parent or a child or other family member with a disability?

As a preliminary comment, the ETUC wants to stress the importance of combining proper leave facilities (not too short, but also not too long) with childcare and flexible working time arrangements geared to the needs of workers, so as to offer a genuine perspective of combining work, family and/or private life, allowing women and men to pursue a fully fledged working life and career as well as a satisfactory private life.

a. Parental leave

In terms of leave arrangements, vast differences exist across the MS, both in terms of length of parental leave arrangements and

\(^9\) ETUC website: www.etuc.org/a/1774
payment. Efforts must be made to standardise these and to find ways to encourage men to avail of the arrangements, for instance by making part of the leave non-transferable. Tackling the gender pay gap is an important aspect to be considered in this debate if we want to weaken the argument that men cannot afford to avail of parental leave because their income is higher than their partner/spouse. An additional point to address in this regard is the need to take periods of leave into account for pension rights.

Social Partners at EU level should evaluate the Parental Leave Agreement, which was the basis for the Parental Leave Directive, and improve its provisions especially with regard to the right to paid parental leave.

Another issue that is insufficiently addressed in the current Parental Leave Directive is the provision of leave facilities for urgent care of sick children or other relatives, while also the question of longer (potentially part time) leave facilities for the care of disabled or relatives with long term illnesses should be put on the agenda.

**b. Maternity protection**

There are strong arguments for a revision/improvement of the maternity directive. First of all, the Directive is not entirely consistent with the objective of making work compatible with pregnancy. It is ambiguous about the need to invest in prevention (for instance to take away exposure to dangerous substances from the workplace instead of taking away the pregnant women from dangerous exposure) and about risk assessment. The result is that in most of the EU countries dangerous situations for pregnant workers are not systematically eliminated. For that reason, the ETUC also fully supports the inclusion of reprotoxics in the present Carcinogens Directive.

Secondly, the lack of strong guarantees about payments during maternity leave can have the negative consequence that women with

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10 In Iceland, recent experiences with non-transferable parental leave have shown positive results in terms of the take up by men. In the Netherlands, the Minister of Employment and Social Affairs has recently proposed to double the current right to parental leave (from 26 weeks part time to 52 weeks part time), and make this additional right non-transferable, in order to promote that father and mother each take 26 weeks.
the lowest incomes voluntarily "renounce" taking the leave to maintain their salaries. Pregnancy and giving birth should not justify a loss in salaries. Social security schemes should be used for this objective, and stronger safeguards built into the Maternity Directive.

Thirdly, the protection against dismissal is not strong enough in the directive. Fourthly, the Directive should include a provision on breastfeeding facilities, such as those that figure in ILO Convention 103 as revised in 2000. And finally, the current exclusion of domestic workers from the Directive should be deleted.

The European Parliament supported by the ETUC has been asking for a revision of the directive to improve its provisions since 200011!

c. Paternity leave and adoption leave

The current leave facilities should be extended with paternity leave, i.e. the possibility for fathers (or partners in same-sex couples) to take some time off around the birth of a child to assist the mother and allow them to establish a relationship with the new born child, for instance two weeks full time, that can be taken up in a flexible way (for instance also in a longer period of part time work).

Also the introduction of leave for adoption purposes and arrangements to facilitate temporary or permanent foster care should be considered, as was already demanded by the EP in its report of 2000 on the evaluation of the Maternity Directive.

d. educational leave/ sabbaticals

For many different reasons (life long learning, promoting a skilled and adaptable workforce, prevention of burn-out, etc.) the introduction of learning facilities and incentives including educational leave or sabbatical periods should be promoted. Such periods of leave would allow workers to invest in their private life and capacities for personal reasons other than family reasons. This is also important to prevent that there is an over-focus on facilities for parents and carers only, at the expense of workers without such obligations.

5) Essential household services and domestic work

Increasingly in many countries families, the sick and the elderly rely on essential household services provided by workers, mostly women and often from a migrant or ethnic minority background, who often work under very informal and unprotected arrangements. It can no longer be denied that these services in many cases have become indispensable, and represent a formidable amount of invisible women’s employment, including employment situations of a very dependent and sometimes exploitative nature.

In the ETUC’s view, this issue will have to be addressed, both from the perspective of providing these workers with basic protection and equal opportunities, as from the perspective of how to organise household services in a more sustainable way. This issue is closely linked to the Commission’s efforts to transform undeclared work into regular employment, and with the recent consultation on the modernisation of labour law.

In November 2000, the European Parliament adopted a resolution on ‘regulating domestic help in the informal sector’, calling on the EU and Member States to take a whole range of measures, including the recognition of this kind of work as an occupation, the setting of minimum standards of protection, etc.\textsuperscript{12} It is high time to give proper follow up at EU level to the resolution of the EP.

In April 2005, the ETUC organised a conference to investigate and discuss good practice experiences with organising and protecting domestic workers in Europe, which showed that in several Member States good practice has been developed which can be built upon.\textsuperscript{13}

An important aspect to explore is how fiscal incentives or measures can be used to promote both the transformation from undeclared into regular employment and the development of a sector for individual/personal services. Experiments with services-vouchers


\textsuperscript{13} Out of the Shadows; organising and protecting domestic workers in Europe, the role of trade unions, conference report ETUC (see ETUC website http://www.etuc.org/a/2809)
in some countries have proven to be positive. It would also be interesting to consider exemptions of VAT on such services (but then of course these exemptions should not be considered by the EU as 'state-aid').

6) Modernising social protection

Social security and social protection schemes play an important role in providing securities and safety nets to workers and families. However, their design can have a significant influence on people's lives. They can either reinforce a traditional pattern and division of labour between men and women, or promote a greater variety of choices and opportunities. This is not the place to go into detail on this important but very complex matter. However, the ETUC wants to draw attention to the need to accompany all the above mentioned matters with a modern framework for social protection, which recognizes that the assumption of a household breadwinner with a lifetime pattern of full time continuous employment is increasingly rare. Instead, social protection systems should be designed to acknowledge and support working time adjustments and temporary exits over the life course, in the broader context of helping workers adapt to various transitions in their working life.

(iii) By which means do you consider that better reconciliation between professional life and private and family life could be achieved?

There are a number of areas where the ETUC believes action at EU level by EU institutions and/or Social Partners would be beneficial and these include the following:

- Revision of the EU Maternity Directive (92/85/EC) in order to bring it into line with the ILO Convention 183 (2000), taking into account the demands made by the ETUC and the EP since 2000;
- Introduction of an EU Directive on Paternity Leave (or reviewing and extending the current Parental Leave Directive in this regard) granting paid leave to fathers (and partners of same-sex couples) for a fixed period of time (e.g. 2 weeks full time or 1 month part time);
- Increase the length of non-transferable parental leave from 3 to
6 months and ensure payment through social security / tax arrangements; strengthen the right to leave for urgent care needs (for sick children or other dependents);
  ■ Initiate and support campaigns and policies to encourage men to avail of their parental and paternity leave; provide for incentives such as reserving a part of parental leave for the father;
  ■ Ensure a maximum limit to working time for all, and provide workers with tools and instruments to influence the scheduling of their working hours (in the Working Time Directive)
  ■ Ensure the right to flexible working patterns and the right to reduce or increase ones working hours (building on clause 5 of the cross sectoral agreement on part-time work);
  ■ Promote quality and reversibility of part time work over the life course;
  ■ Promote a renewed commitment by the MS to achieve the Barcelona targets on childcare;
  ■ Develop a new Lisbon target on elder care/ care for dependents and support EU initiatives in this field with financial resources available
  ■ Follow up on EP recommendations with regard to domestic work and explore fiscal incentives to transform informal/undeclared work in household and personal services into regular employment.

(iv) Do you consider the existing Community legislation (notably on parental leave and protection of maternity) is adequate to help meet the needs for reconciliation between professional and private and family obligations and to create the conditions for more equal sharing of professional, private and family responsibilities between women and men?

The existing Community legislation (notably on parental leave and protection of maternity) is a step in the right direction, but the ETUC believes that it could and should be strengthened. As already mentioned, there are a number of specific aspects where we feel more could be done –e.g. revision of the maternity directive, payment during parental leave, introduction of a new directive on paternity leave.

Central to any upgrading exercise must be how to improve the take up by men of such rights.

A more equal sharing of responsibilities between women and men also needs a major cultural shift and change in mentality, not only of
women and men themselves, but also in workplaces and at the level of management, so that the fact that workers show a broader interest than just in their job is seen as a strength rather than a weakness. Also in this regard the long hours culture in certain countries, but also in certain professions (higher and managerial staff), should be addressed as outdated and counter productive.

(v) How can the best balance be struck between the costs and benefits – for both individuals and companies – of measures permitting reconciliation of professional, private and family life?

The key question is how costs and benefits are defined. Rubery, Humphries et al. (2003) conceptualised gender equality as a productive factor. Basically the answer to this question will depend whether one takes the very narrow approach of only looking at the costs or whether one includes the feedback effects and expands the approach to include quality of life.¹⁴

Today the direct costs of doing nothing are quite clear to all policymakers in Europe: we get a sub-optimal use of human capital and female labour supply and not enough children to replace the workers that are going to leave. However the question remains what should be done and who should do it. The answer depends on what approach is taken: reconciliation as an investment or reconciliation as consumption.

Today, there are several high profile proponents (e.g. Prof. Esping Andersen, Prof. Van Praag) of publicly provided or monitored, quality child-care at a reasonable price, that indicate that not only is child-care the main issue to resolve, but that simple computations also show that the costs are very low if not negative. The main reason for this being that child-care will enable women to be on the labour market and reduce the need for long term leave schemes. Hence, the state will get taxes in the earnings of the women and will avoid directly or indirectly paying for the leave

schemes. Furthermore, due to the fact that women are less hampered in their professional life and that this should have an effect on their overall labour market situation, they will earn far more over a life time, hence there is a double effect on tax revenue. Taken together the decrease in benefits paid out for care leave and the income generated by more tax revenue, this amount will be larger than the cost for child-care. Hence there is already on a purely narrow economic reasoning enough arguments for quality, fairly priced or even free child-care.

In addition, creating child care and other care infrastructures in the formal sector will generate employment, which generates additional income and tax revenue and consumption, thereby contributing to the expansion of the economy (an effect that can clearly be seen when looking at the historical development of the Swedish and other Scandinavian welfare systems).

It also depends within which time-horizon one reasons, a short-term or long-term perspective. In the short-term there may be some costs associated with investing in reconciliation, but in the long term the results will probably be positive by a better allocation of resources and feedback effects. Apart from this, happy workers are productive workers.

One important element is that the short-term costs should not be linked directly to female employment as this will hamper their labour market participation. The question of reconciliation is not a “female question” but a “societal question”, hence whatever costs that will arise from increasing care and other services need to be pooled and shared by the society at large.

However, this question is basically one of the prevalent attitude towards going beyond the current norm, which in many minds is still a full-time job without any interruption (leave). Anything that deviates from this is perceived as generating costs. But it is not sure that it will cost more to have men on leave rather than women, nor is it clear whether it will cost more to rethink the way that working hours are organised. There may be some initial costs associated with rethinking the ways things are done, but in the medium or long run this should go towards zero.
There is also an issue that arises with regard to the individual, as the gender wage gap implies that working less or taking leave will have a greater impact on the family income if it is done by men. However, by distributing the unpaid work equally between men and women, we should see a narrowing down on the gender wage gap.

But the major question is: consider the costs of doing nothing........!
1. THE NEED TO STRENGTHEN THE EUROPEAN DIMENSION OF COLLECTIVE BARGAINING: WAGES AND WORKING CONDITIONS UNDER PRESSURE FROM THE EUROPEAN ECONOMIC MODEL

The management of economic and monetary integration in Europe is posing important challenges to the collective bargaining. It is getting clearer and clearer that collective bargaining no longer takes place in a national vacuum but is at the same time dependant on as well as influencing bargaining practices in other European countries. The European economic model is turning collective bargaining into a matter of common concern for trade unions throughout Europe:

- Unlimited capital mobility in the European marketplace is used to set up a de facto coordination of business demands. Concession bargaining deals are efficiently ‘exported’ by putting workers and trade unions in other member states under pressure to deliver similar concessions in return for the promise of maintaining local investments.
- With the macro-economic policy regime not providing sufficient aggregate demand to sustain high and continuing growth rates, in particular in the euro area, member states are embarking on ‘beggar-thy-neighbour’ policies. In an attempt to secure more growth for themselves by pinching investment from others, competitive wage moderation is triggering a vicious circle of weak domestic demand leading to low overall growth, thereby setting the stage for a next phase of concessions from workers.
- In all of this, the European Central Bank is reacting in an alarmist way: An imaginary revival of wages, even from an
extremely low pace of growth, is used as an alibi to hike interest rates, thereby running the risk of weakening the economic recovery as well as the bargaining position of workers.

- Competitive imbalances inside the euro area are building up. Unit wage costs are stagnating in some members but have been increasing since 1999 by around 30% in others. Since the devaluation of the currency is no longer an option, the risk is that collective bargaining in the latter countries sooner or later becomes under heavy pressure to deliver outright cuts in nominal wages.

- Meanwhile, high level representatives from the European Central Bank are openly advocating 'ex post' and profit related compensation systems instead of collective bargaining with 'insiders'.

- But also outside the euro area, wages and working conditions are under risk from the European Economic Model. Constrained by the European fiscal framework to reduce deficits while at the same time having to build up the stock of public capital, some Central and Eastern European countries may come under pressure to slow down the pace of increase in public sector wages and minimum wages. These are however the main drivers for overall wage growth in these countries.

In addition, the framework of reference for big companies is increasingly shifting from the national sectoral level towards the European level or even the global market on which these companies are competing, thereby putting pressure on nationally determined working conditions.

With wages and working conditions becoming the only factor available for economic policy to steer the national economy against a background of an insufficient dynamic European internal market, there is the risk that governments try to achieve this kind of excessive wage flexibility (for example substantial cuts in nominal wage levels) by weakening trade unions, collective bargaining institutions and workers' rights.

Given the nature and extent of these challenges, the ETUC needs to reinforce the coordination of collective bargaining in Europe. The reasons why the Helsinki congress set up the coordination of collective bargaining (avoid competitive wage moderation, ensure wages
receive a fair share of economic benefits, ensure upward wage convergence in enlargement) are more valid than ever.

To strengthen the coordination of collective bargaining the ETUC will endeavour to:

- Intensify the exchange of information on ongoing collective bargaining. In order to address business coordination efforts to spread concession bargaining throughout Europe, all of us all need information ‘in real time’. The ETUC will continue with the collective bargaining bulletin, which was restarted in 2006. We will also work to establish a web site containing overview statistics and the latest collective bargaining outcomes and only accessible to members. Furthermore, in cooperation with the ETUI-REHS, a databank on transnational bargaining agreements will be established.
- To have access to information ‘in real time’, a network of collective bargaining experts will be established by maintaining a closer contact with those responsible in European federations and national affiliates for the coordination of collective bargaining will be established. To do so we call upon members to look into the possibility of associating representatives from the ETUC in eventual coordination meetings at national or European/sectoral level.
- Take a more offensive stance by highlighting in the European public opinion and policy discussion those agreements representing major achievements in improving working conditions for workers.
- Support and multiply trade union initiatives of cooperation such as the Doorn group to build stronger awareness of and a strategy towards common challenges to collective bargaining in a Europe of economic, territorial and monetary integration.

2. BARGAINING OUTCOMES OVER 2006

Nominal wage developments in Europe diverge over 2006, according to the ETUC questionnaire on collective bargaining. Nominal bargained wage increases range from a low of 1.5% to almost 4% in some central European countries (Czech Republic,
Poland) as well as Norway, with Slovakia realising a 7.7% increase. In Germany and the Netherlands, these low nominal wage increases translate into a fall in the purchasing power of negotiated wages.

Shifting the analysis to the total growth in wages, robust increases in real terms are to be found in the central and eastern member states and in Scandinavian countries while real wage increases are near zero or even negative in euro area member states.

An evaluation of these wage developments on the basis of the ETUC formulae concludes that wage moderation continues in Europe. With a few exceptions, no single country reported in the questionnaire achieves such a wage growth in line with inflation and productivity. In other words, the share of wages in total revenue continues to fall in Europe.

3. SOCIAL AND ECONOMIC PERSPECTIVES FOR 2007

Growth in the EU 25 in 2006 surprised on the upside and, driven by an acceleration of growth in the euro area and the UK, jumped from 1.7% in 2005 to 2.8% to 2006, a growth rate not seen in many years and very close to the average growth rate of the strong 1997-2000 business cycle. As a result, employment increased by 1.4% and unemployment fell significantly from 8.6 to 8%.

However, prospects for 2007 and 2008 already indicate another turnaround in growth. With fiscal and monetary policy taking aggregate demand back out of the economy, the European Economic model is working to bring the rate of economic expansion back down to 2.1% (euro area) or 2.4% (EU-25). Unemployment would only edge down slightly over the next two years, from 8 to 7.4%.

However, modest economic growth together with modest falls in unemployment will not work to provide a stronger basis for wage bargaining to turn around wage moderation into reasonable but robust real wage increases.

At the same time, there is an imbalance in the policy equation and a risk that growth turning might turn out to be much weaker than currently expected. With the ECB expecting a significant and infla-
tionary acceleration of wages there is a risk of exaggerated monetary overshooting of the ECB, if wage growth does not accelerate at all, as is likely to be the case. But the real risk is not one of too high wage increases but one of too low wage developments than expected.

4. GUIDELINES FOR THE 2007 NEGOTIATIONS

4.1 COLLECTIVELY BARGAINED WAGES

Against this background, the ETUC calls upon its members to focus 2007 wage bargaining strategies on the guideline of orienting wage growth in line with the sum of inflation and productivity growth. This guideline remains valid to pursue and combine the different objectives of guaranteeing wage owners a stable share of the economy’s total income, of supporting economic activity and job growth by providing households with the financial room to increase consumption and of avoiding cost-push developments that would imply a return to inflationary threats. In particular for the euro area, the guideline is more than ever valid to avoid an outcome in which neither monetary policy through interest rate nor worker’s purchasing power is supporting demand and overall growth in the economy.

The ETUC guideline on average wage growth needs to be implemented, taking into account the different productivity trends and the different settings for price stability in the member states.

The situation of low wage earners remains a concern. Some 15% of workers in Europe are working below two thirds of the national median wage, with a share going as high as high as almost 20% in some countries. The ETUC calls upon affiliates to pay specific attention to fighting low pay and poverty wages by developing ‘solidaristic’ wage bargaining strategies. Interesting examples are to be found in Austria\(^1\), where a certain part of the total room for wage

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\(^1\)The recent concluded collective agreement in Austrian metal provides an illustration. The sector agreement defines a 2.6% wage increase from which a company agreement can deviate through a redistribution agreement: 0.5% of a company’s wage bill can be mobilised to give an extra increase to lower income groups, favouring women in particular provided the across-the-board rise is no lower than 2.4%.
increases can be reserved for distribution amongst the lower paid and in Nordic countries, Belgium and Italy where negotiated wage increases are expressed in absolute amounts rather than in percentage increases, thereby moving low paid workers gradually upwards.

4.1.1 Wage bargaining and gender wage differences. *

One of the persistent features of wage structures in Europe is that there is still a gap between the wages men and women receive. In 2004, according to Eurostat data, this gap was 15 percent (Table 9). The good news here is that over the years there has been an improvement: in 2001 the gender pay gap was still 17 per cent and in 1996 it was 18.4 per cent. At the same time, improvements are slow and the gap remains substantial. Also, in several countries the gap has been increasing in the last years.

The gender pay gap is partially the result of a series of factors, including the sectoral and occupational segregation of the labour market, overall wage inequality, educational differences, labour market participation rates, and straightforward discrimination. For example, the countries in which the gender pay gap is low are not necessarily countries where men and women are treated equally; in most cases they have low female participation rates, and the relatively small group of women that is in the labour market is often relatively highly educated and in relatively well-paid jobs. In other countries, high participation of women is often concentrated in low-paid service occupations, leading to a larger pay gap. In some countries human capital differences explain a major part of the gender pay gap (for example, 41.6 per cent in Belgium) but and in others only a small part (for example, 6.4 per cent in Denmark).²

Gender equality has traditionally been a key issue for trade unions in Europe. Still, it is only marginally addressed in wage bargaining in Europe. For most trade unions gender equality is a political objective

* Extracted from the annual report 2006 page 14.
but this is often not reflected much in their bargaining strategies or in bargaining results and the gender pay gap is reported to have been decreasing only slightly.

Table 9: the gender wage gap, 1996-2004

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Note: The gender pay gap is given as the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. The population consists of all paid employees aged 16–64 who are 'at work 15+ hours per week'.
Source: Eurostat
There are some exceptions to this general trend. For example, in Finland, a gender equality allowance is paid in 2006, aimed at increasing wages in sectors that employ large numbers of women. Also, in Norway, in the state/government sectors guidelines were established for collective bargaining to give women a bigger share of the wage increases negotiated. In addition, in Denmark, equal pay statistics are elaborated to make the gender pay gap more visible.

4.2 Qualitative Working Conditions

The ETUC report on precarious work (see annex 1), based on the information provided by affiliates, and concludes that many labour markets in Europe are confronted with situations of ‘excessive flexibility’. Business, using global competition as an alibi to increase profits further and boost CEO to immeasurable heights is forcing vulnerable workers such as youngsters, women, long term unemployed and migrants into insecure jobs with poverty wages and long working hours without offering prospects for upwards transition (low access to training, limited career development). In Europe as a whole, already half of all new contracts are fixed-term, temporary contracts with this share increasing to 80% in particular countries. In other countries, the share of temporary jobs in total existing jobs runs as high as 33%. However, an insecure workforce is not a productive workforce open to innovation. A modern labour market has no place for precarious work practices.

The ETUC requests national affiliates and industry federations to undertake special efforts in 2007 in order to reduce and control precarious work practices. The ETUC draws members’ attention to existing good practices and principles to do so:

- Rewarding good employer behaviour and sanctioning bad work practices by modulating employer social security contributions whether open ended or temporary work contracts are used, as proposed in the Italian budget.
- Closing loopholes in labour law used by employers to keep workers trapped in endless chains of temporary contracts, as for example in the recently concluded tri partite agreement in Spain.
Limiting precarious work practice through collective bargaining agreements limiting the share of atypical workers in companies and/or the time spell during which workers can be hired on a temporary basis.

Promoting an equivalent rights approach making sure atypical workers have access to social security, holiday (pay), training and lifelong learning.

In a globalising world, labour market institutions need to ensure upwards flexibility and upward mobility of workers. A modern labour market provides access to training for all workers. However, the European labour market scores badly on this issue. Business is paying much lip service to the importance of training. In practice however, business is under investing in training while the access to training is almost blocked for those who are the most in need of it (low skilled workers, older workers, long term unemployed, temporary workers). More than 70% of workers do not receive any training paid for or provided by their employers. Moreover, the trend is negative in the EU-15. Compared to 2000, the share of workers receiving training has fallen from 30% to 27% in 2000, with business in the Central and Eastern European countries training as little as 6-10% of their staff. In addition, the number of average number of training days per worker has fallen as well from 14 days to 11 days a year. Only 10% of workers with a primary level of education receive training compared with 40% of those with third level education. This dismal situation needs urgent change. Globalisation and European integration can only work for all if markets are equipped for positive change by continuous up skilling of the workforce. Following up on the EMF 2005 initiative to set up a common demand on the right to training of five days a year for each worker, the ETUC will engage with affiliates in order to see whether such a common demand would also be possible on the ETUC level. As a first step, the ETUC will request affiliates to report on the situation of training provided by enterprises on the collective bargaining strategies they use to promote business investment in a skilled workforce, thereby ensuring that all workers have access to training. To this end,

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3 See Collective Bargaining Bulletin 2006/3, based on information received from UGT-E.
4 No comparative figures available for EU-25.
5 Figures from EIRO: Fourth European Working Conditions Survey.
the ETUC will request affiliates to present a report for the first collective bargaining committee in 2007. Furthermore, the ETUC draws members’ attention to sectoral and/or intersectoral agreements which correct the market failure and business underinvestment in training by obliging all firms to contribute to social partner funds which have training of workers as an objective with a special focus on groups at risk in the labour market.

Finally, the ETUC confirms its attachment to policies ensuring quality at work. This implies, besides fair and decent wages, access to training and secures work contracts, health and safety at work, gender equity and mainstreaming and environmental friendly jobs. In this respect, the ETUC draw attention to the fact that work intensity, working to tight deadlines or working at high speed is rising, from 35% for the EU12 in 1990 to 46% of the EU-25 workforce in 2005. Concerning health and safety, 25% of workers in the EU-15 considers their health at risk because of their work, whereas this percentage jumps to 40% in the new member states.

5. THE TRADE UNION INITIATIVE FOR A EUROPEAN FRAMEWORK FOR CROSS-BORDER NEGOTIATIONS

5.1- Transnational mobility of businesses and MNGs at European and extra-European level is constantly increasing.

This activity has, until now, occurred outside the framework of the rules and procedures for transnational negotiation, and this raises a problem for the Union at all levels in terms of the social management of these processes.

Account does need, however, to be taken of the fact that by the end of last year, almost a hundred texts had already been signed (see annex 2 page 5-7 in French), with an increase latterly in both the quantity and the content of the agreements.

Most of these agreements look at the European dimension, but these texts have been signed by the most diverse players, including the EWCs, which, as the legislation stands at present, have no right of negotiation, with the risk of weakening the negotiating power of the Union at every level.
For these reasons, the ETUC confirms that the Commission's initiative, under the social agenda for 2005-2010, to grant an optional legal value, in other words, at the disposal of the social partners, is a response to an unquestionable need.

The Commission recently has announced the opening of the formal consultation of the social partners for the coming year.

5.2- It is quite obvious that the EIFs and the Unions involved at national level have the prime responsibility for the definition of the rules and the processes for the negotiation and management of these agreements. In order to allow the concrete management of these processes, it is quite clear that this definition of the rules and procedures within the Union applies beyond the Commission initiative.

5.3- In this framework, the ETUC's role relates to the definition of the principles and the general reference conditions targeted to support and reinforce this action.

As things stand, we want to reconfirm the three key conditions which were already debated and approved by the EC of 5th and 6th of December 2005.

5.3.1 The individual definition of the players involved and their representativeness. For the ETUC, this representativeness is granted solely to the trade union organisations, in their capacity as collective representatives, which might also involve some legal effects. Accordingly, the right to issue a mandate to negotiate and the right of signature must remain rights strictly belonging to the trade union organisations.

5.3.2 The content and the effects of the agreements concluded at this level cannot mean a downwards levelling of the clauses already negotiated in the collective bargaining agreements and in the national legislation. Accordingly, a non-regression clause needs to be clearly stipulated. Just as the ETUC reaffirms that this new level must be integrated and enrich the global negotiation framework available to the social partners, without modifying the competences and powers already existing at national level.
5.3.3 The management of any conflicts of interest during the negotiation or the implementation of the agreements. The ETUC reaffirms the need for the definition of a coherent framework to allow transnational collective bargaining, including the recognition of rights such as the right of association and the right to strike.

At the same time, the ETUC reiterates its demand for the creation of a section dedicated to the problems of labour close to the European Court of Justice, with the inclusion of the experts appointed by the social partners, in order to allow for a potential intervention in the event of the foundering of the conciliation procedures between the partners who have signed up to an agreement.
ANNEX 1

Precarious work in Europe: annex to the 2007 ETUC resolution on the coordination of collective bargaining

INTRODUCTION

Beginning 2006, the ETUC addressed a questionnaire to the members of its collective bargaining committee, requesting information on the situation of precarious work in the different countries. The country overview in this report is based on the replies to this questionnaire. In addition, information from a study done by IRES-France has been used to complete the picture where necessary.

CHAPTER I: PRECARIOUS WORK: FACTS, CONSEQUENCES, CAUSES AND STRATEGIES

Excessive flexibility: Spreading throughout Europe

6 million temporary workers in Spain, 5 million vulnerable workers in the UK at risk being denied their employment rights, almost 3 million ‘false’ self-employed in Italy working for one single employer, 6 million workers in Germany in ‘mini-jobs’ gaining a maximum of only 400 euro per month, 80% of all new hiring in France on a fixed-term basis.

In the EU-25 as a whole, some 30 million workers (14.5%) are on a fixed-term contract in 2005, up from 2000 when the number of fixed-term workers was 25 million (12.6%). 37 million workers are now working part-time (up from 32 million in 2005), with one fifth of them declaring they are involuntary part time workers, a share that is rapidly increasing (from 15% in 2002 to 20% in 2005). Moreover,

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these figures are averages, hiding the fact that weaker groups (women, young workers, older workers, migrants) bear the blunt of atypical contracts and work practices.

These figures are alarming. They call into question the much heard claim that Social Europe is doing well, implying that social policy and worker rights can be put in the ‘freezer’. They also refute the argument that European labour markets are rigid and inflexible. If anything they show that there are situations of ‘excessive flexibility’ in European labour markets which need to be tackled urgently if Europe is to improve both its social as its economic outcomes.

**Precarious work practice comes at a high price**

Precarious work has serious consequences for workers involved as well as for the economy as a whole. Excessive worker flexibility:

- Makes employers think of employees as a commodity that can easily be dispensed with in case of business problems. As a result, employers will not be inclined to invest in training their workforce. There are indeed strong empirical indications pointing to this: Since 2000, and together with rising precariousness in European labour markets, there has been a significant fall in the share of workers having received training from their employers, falling from 30.6% in 2000 to 27.3% in 2005, with the average number of training days falling as well (14.3 in 2000, 11.4 in 2005). In particular, the position of temporary agency workers is quite dramatic: Only 18% of these workers receive employer supported training (Source: Fourth Working Conditions Survey).
- Acts like a ‘bad job’ trap. Upward mobility from precarious jobs is low, which reflects the limited access of employer supported training, as well as the barriers for flexible workers to engage themselves in lifelong learning because of low wages, long working hours and hierarchical work relations which work to demotivate workers to increase their skills. Several studies indeed confirm this low mobility out of a-typical jobs.
- Holds back innovation at the workplace: Flexible workers will show not much attachment to the firm and motivation to cooperate in introducing innovation in the workplace since increased productivity may directly cost them their job.
Provides business with the wrong incentives to address competitive challenges. If business is offered the ‘easy way out’ (firing workers, cutting wages, working longer unpaid hours), they will tend to do so, and this at the expense of what is a really sustainable solution to competitiveness (product and work place innovation and productivity).

The (economic) perversity of precarious work is probably nowhere better illustrated than in the case of Italy, where the previous Berlusconi government introduced a wide variety of work contracts allowing employers to destabilise basic worker rights (Biagi labour law reform). At the same time the pace of hourly labour productivity increase has substantially fallen. Productivity has actually started declining in absolute terms over the last couple of years, thereby seriously damaging Italian cost competitiveness and this despite moderate nominal wage increases.

The real causes of precariousness

One peculiar explanation of the causes of precarious work is advanced by business in particular and is claiming that regular workers are too heavily protected insiders so that employers have no other choice than to reflect the full burden of global competition and flexibility on outsiders and new or weaker categories of workers.

However, the country cases reported in chapter II show that such a view is turning the discussion upside down. What business is actually doing is to make use and exploit the loopholes that exist in European legislation, national labour laws, taxation systems and collective bargaining practice:

- If no limits are set to fixed-term work, employers will maximize the use of these contracts, thereby preventing workers to enter open-ended contracts. In some countries, because of lack of adequate regulation, workers are kept for years and years on a temporary basis by the same employer for the same job. Or the same worker is offered the same job through 10 or 15 temporary work contracts over a period of one year!
- In many cases, tax and social security contribution systems
organise and promote ‘bad’ employer behaviour. Employers offering temporary jobs, false-self employment ‘contracts’ or jobs paying minimum and poverty wages are being rewarded by having to pay lower taxes, lower social security contributions or even receiving employment subsidies in the context of ‘active labour market policies’.

Governments and business motivate such schemes by arguing that these ‘exceptions’ are necessary to correct for lower productivity and skills levels of certain groups of workers. In practice however, the use of such schemes has become so widespread that the ‘exception has become the rule’: Workers that are sufficiently productive and sufficiently skilled are engaged through (subsidized) precarious work statutes which are then used to destroy regular jobs:

One in three (33%) of workers in the EU-25 indicate that their duties are below their skills and that they could perform more demanding tasks (Source: Fourth European Working Conditions Survey). Workers engaged in low wage jobs are often trained workers. In Germany for example, two thirds of workers in a low wage job have ended a professional training.

Experience in Germany (1-euro jobs), France (CNE-contract), Italy (‘parasubordinare’) learns that these exceptional schemes do not produce much net additional jobs. What happens is that regular jobs are substituted for by these new but insecure job schemes.

**Some principles for a possible strategy for trade unions in Europe**

A strategy of European trade unions should start from the principle that a modern labour market has no room for precarious work. Taking inspiration from the country overview (chapter II), a number of interesting and ‘good practice’ approaches can be highlighted. These are based on the following principles:

- Ending the situation of rewarding ‘bad’ employment practices over the board. ‘Small job’ schemes should be carefully designed, well targeted and temporary schemes with a focus on upwards transition of workers.
- Promoting ‘good’ employer behaviour by offering fiscal/
parafiscal incentives to those employers who do not resort to precarious work practices.
- Prioritising the non-respect or the poor transformation of the European social aqcuis (for example directive on fixed term work).
- Adressing gaps in labour law/collective bargaining practice, both at the European level as at the national level.
- Building systems of coordinated bargaining which 'internalize' the need to integrate groups of vulnerable workers, in particular through collective bargaining agreements which make sure all groups of workers (including unemployed at risk) have access to training and lifelong learning.
- Implement a macro-economic strategy combining stability oriented age formation and demand and growth supportive fiscal and monetary policies in order to create more jobs so that skilled workers can flow into productive jobs, thereby making decent jobs available for relatively disadvantaged workers ('inverse ladder' effects).

CHAPTER II: COUNTRY OVERVIEW

AUSTRIA

Many work contracts, mostly for workers under the age of 30, contain 'flexibility' clauses. These clauses transform wages into ‘all-in’ wages without overtime payment; give the employer the power to decide unilaterally on flexible hour schemes as well as the power to extract repayment of training costs when the worker is leaving the job. On average, 18% of overtime is not being paid. A quarter of a million of workers are on a-typical contracts, with three quarters of them being women. Many of these workers face a high risk of poverty.

BELGIUM

Main problems with precarious work

False independent workers are identified as a main problem. Although Belgian law or/and collective bargaining practice provides a

7 marks information based on Ires study
framework to control the excesses of flexibility, there is no solution to the problem of so-called ‘autonomous workers’ in Belgium. This is a problem in particular when employers use workers from Central and Eastern Europe as so-called self employed, thereby avoiding to pay collectively agreed wages or even the statutory minimum wage as stipulated in the posted-workers directive.

There exists a well-defined framework for temporary agency work obliging equal pay and limiting the use of temporary workers to particular and exceptional situations. However, there is pressure from business to extend the use of temporary work and use it in general as a way to enter the labour market.

**INTERESTING PRACTICE TO CONTROL FOR EXCESSIVE FLEXIBILITY**

Employer abuse of using chains of fixed-term contracts are controlled for by labour law: There is a maximum of 4 successive fixed-term contracts over 2 years with the same employer. After that, the fixed-term contract is regarded as an open-ended contract. Belgium labour law also blocks very small part time. A labour contract needs to provide at least one third of the weekly hours worked by a full timer. In practice this means labour contracts not less than 13 hours a week. This avoids abuse of employers writing out zero or two hour contracts and thereby keeping workers in a very dependant and weak position. On the other hand, it does not prevent employers from shifting the burden of fluctuations in business on to workers from the moment the employee has reached its minimum of 13 hours a week. A too standard practice is also to pay all hours worked over the minimum of 13 hours unofficially, thereby undermining government revenue and denying their workers with full access to social benefits.

**NETHERLANDS**

In the Netherlands, the share of flexible workers (defined as fixed term contracts under one year and on-call contracts) has fallen from 10.3% in 1998 to 6.6% (460.000 workers) in 2003. On call workers take up 22% of this number, so representing around 1.3% of all workers. A number of them are 15-24 year olds combining studies with work.

The liberalisation of the temporary agency sector has led to some abuses. One in four temps’ appears to be working for agencies not paying social security contributions or not paying collectively agreed wages.
Labour law is limiting fixed term contracts to a maximum of 3 contracts over a maximum of 36 months, after which the contract becomes open-ended. However, collective agreements can and are deviating from this by specifying more contract renewals and/or a longer period than 36 months.

**INTERESTING PRACTICES**
A substantial reduction of on-call workers has been achieved by installing minimum work sessions of 3 hours (up to 15 hours a week), by increasing contractual working hours to average number of hours worked over the past three months. Many of these on-call workers have received a part-time work contract instead. Another measure is tackling the false self-employed workers by transforming each regular working relationship of 20 weekly hours over at least three months into a regular working contract. Collective bargaining agreements, followed by the ‘flex-wet’ have installed a right for workers to request a reduction in working time as well as a right to reverse their previous choice. Like the UK, the Netherlands have a high rate of part-time workers. However, unlike the UK, and thanks to the ‘equivalent rights’ approach, part-time work is not a synonym for precariousness. Some trade unions (media, construction, services) have organised the self-employed and are seeking to include fixed minimum rates of compensation for the self employed in collective bargaining agreements.

**GERMANY**

**MAIN PROBLEMS WITH PRECARIOUS WORK**
Part time employment is increasing rapidly, from 19.4% of all workers to 14.2%. Behind this is the increase of the so called mini jobs (monthly income limited to 400 euro’s a month, working time however is not limited). Some 6 million people are now holding such a mini-job (for 1.4 million workers this is a second job). Half of them is gaining less than 8 euro an hour. Temporary agency work is used by employers to undermine the bargaining position of trade unions: Wage demands considered too high (or wage concessions that employers consider too low) are sanctioned by resorting to temps’. Temps’ are paid very low wages, sometimes as low as 5 euro an hour. In principle, German labour law
imposes the principle of equal pay for equal work. In practice however, competition between trade unions has led to collective bargaining agreements using the possibility of deviating from the equal pay principle.

Germany has a large low wage sector. 2.5 million (full-time) workers are on poverty wages (below 50% of the median wage), with 64% of these workers having a degree or a professional training. The low wage sector also constitutes a trap: Even after five years, only one third of workers is able to escape from low wage employment to find a better paid job. This is the lowest upward mobility in Europe.

There exists a generation of ‘trainees for free’: 40% of them receive no pay.

Labour market policy is much behind this trend of more precarious work in Germany. Cuts in unemployment benefit systems, together with ‘active’ labour market policies force workers to take up jobs paying 30% below collective bargained wage agreements, as well as mini-jobs and 1-euro jobs drive workers into the sector of low paid, precarious jobs.

FRANCE

MAIN PROBLEMS WITH PRECARIOUS WORK

The majority of new hirings (80%) is done through fixed term contracts, with especially youngsters being hit by this. This overdependence on fixed term contracts creates problems with social rights such as holiday pay, sickness leave, maternity,...).

INTERESTING PRACTICE TO CONTROL FOR EXCESSIVE FLEXIBILITY

Temporary agency workers are known to have much less access to training. In France, a special levy is charged on temporary work agencies and these revenues are then used to provide temporary agency workers with training.

ITALY*

One of the drivers of Italian labour market reform introducing precarious work has been the European economic policy framework: With fiscal policy constrained by the Maastricht regime and with a devaluation of the national currency no longer possible in the monetary union, ‘labour’ is seen as the only factor of adjustment by policy makers.
As a result, and especially under the Berlusconi government (see Biagi law) Italy has indeed introduced a wide ‘variety’ of labour contracts, allowing business to force workers into insecure working conditions:

- ‘Collaboration’ contracts have formalised the so-called ‘parasubordinare’ a category between the statute of regular workers and self-employed. In many cases, these workers are doing the same job as regular workers but without (full) access to social security rights. In 1995, these ‘collaboration contracts’ have been made ‘official’ by charging social security contributions which are however substantially lower than the contributions to be paid on regular workers. The effect is that the number of ‘parasubordinare’ has been tripled from 1 million workers (1996) to 3 million workers (2004). A quarter of these workers are employed by the public sector. Ninety (!) percent of them are working for a single employer.

Self employed workers take up 27% of total employment in Italy, a figure that is substantially higher than in the rest of Europe.

- The incidence of fixed term workers, taking up 12,3% of total employment, is similar to the European average. However, half of all new hirings are done through fixed term contracts and the share of fixed terms in total employment has been rising rapidly from 7,4% in 1995 and 10% in 2000.

- ‘Insertion contracts’ allow workers aged 18 to 29(!) years, long term unemployed between the age of 29 and 32 years, older unemployed over 50 years and female workers(!) in almost all regions to be hired at a wage level that is two categories lower than the level corresponding with the qualifications necessary for the job. The counterpart of employers providing training to these workers is practically absent.

- ‘On call’ contracts allow the employer to call upon the worker in function of business activity. If workers have to be permanently available, a special compensation is paid. However, no social security contributions are to be paid on this availability fee.

- Job-sharing: A contract through which two employees share the work. Dismissing one worker automatically dismisses the other worker, a modality which is highly problematic when the two workers in question are a couple.
Part-time work has been increasing rapidly as well from 8.4% in 2000 to 12.8% in 2005. Reductions in social security contributions have been specifically targeted to promote employers who hire workers on a part-time basis, in particular young, female and older workers. The 2003 Biagi law also weakened the role and possibilities of trade unions to limit and negotiate the introduction of part-time work in the enterprises.

**Interesting Practice**

Italian trade unions try to negotiate collective agreements with employers which ‘stabilize’ and re-regulate the use of these forms of work. For example, in 2003, an agreement was signed for the sector of call centers stipulating that the share of ‘parasubordinare’ workers should be gradually reduced from 80%(!) to 40%.

The new Prodi government is keen on ending the employers’ abuse of this chaos of work contracts. A first offensive against the deregulation of the Italian labour market is the draft 2007 budget which includes a reduction in taxes on labour. The modalities of this tax cut are such that open ended contracts are advantaged over other forms of contracts. At the same time, the social contribution advantage that the statute of ‘parasubordinare’ enjoyed is being reduced; this in turn provides the financial room to cut the overall tax wedge on labour. In this way, the Italian government is rewarding ‘good’ employer behaviour and having ‘bad’ employers pay the cost of the flexibility they extract from workers. A second initiative will start beginning next year, with the opening of a tri-partite negotiation aiming to address the system of ‘parasubordinare’ and to fight informal labour.

**Spain**

**Main problems with precarious work**

Spain is the unfortunate ‘champion’ of temporary contracts. About one third of all workers have a fixed term contract, a share that has not gone down much despite the good economic performance of the Spanish economy which has more than halved unemployment from a level of 20% to 8% at present. In absolute figures, this concerns 5 million workers.

One consequence of the high incidence of fixed term work is that many fixed term workers have difficult access to unemployment benefits, since such access is restricted to workers with a minimal period of
social security contributions of 12 months. Indeed, two thirds of fixed term contracts are contracts of 6 months duration or less.

The big rise in the share of fixed term work in the second half of the eighties is attributed to active labour market policies, targeting a certain public (long term unemployed, female work force,…), and providing substantial tax cuts and tax advantages for employers taking on such workers on a temporary basis. In 1992 for example, half of temporary contracts were concluded in the context of such employment policies. In return, the fact that the relative incidence of temporary work did not really fall over the recent period of growth is to be found, again, in the Maastricht regime of fiscal policy. To consolidate public finances, only a quarter of vacant jobs in the public sector are being filled up with regular working contracts, with the rest of open places going to temporary work contracts.

**INTERESTING PRACTICE**

In May 2006, social partners and government concluded a social agreement with the intention of tackling the problem of precarious work. The agreement contains the following measures:

- A limit to temporary work: After more than 24 months of fixed-term contracts in the same enterprise and for the same job over a reference period of 30 months, the contract is converted into an open ended contract.
- Employer bonuses (from 850 to 3200 euro) to be paid annually when target groups (women, youngsters, long term unemployed…) are offered an open-ended contract.
- Employer social security contributions are being cut, with a 5,5% contribution for open ended contracts and a 6,7% contribution for fixed term contracts.
- Involvement of social partners in Labour inspection services to follow up the illegal use of temporary contracts in firms and sectors where the share of fixed term workers is particularly large.

As a result of these policies, hundred thousands of temporary contracts are in the process of being transformed into open ended contracts before the end of this year.

Another interesting policy measure is the new legal statute for autonomous workers that are in the making. If at least 75% of total income of a self-employed worker is provided for by one single client,
then the worker gets additional protection: A written contract then becomes obligatory and the rate of compensation is governed by ‘agreements of professional interest’. These agreements are negotiated between employer and user associations on the one hand and autonomous workers’ associations (with links to the trade union movement) on the other hand. Labour courts are authorised to intervene in case of conflicts or non-respect of the agreements.

UNITED KINGDOM

MAIN PROBLEMS WITH PRECARIOUS WORK
The UK has a high share of part-time workers. Unlike the Netherlands, UK part time workers have no or reduced access to essential social rights (pensions, maternity, unemployment benefits).
Low pay is widespread in the UK: Over 20 (28)% of UK population has an income lower than 60 (50)% of median income and the probability of transiting from a low paid job into a better paid one is one of the lowest in the European Union.
Temporary work is less widespread in the UK (around 6%) than in the rest of the EU. But at the same time temporary workers receive no protection so that their pay is on average some 17% lower compared to workers with open ended contracts. Access to additional pension schemes, sickness and holiday entitlements is also rather unlikely if one is a temporary agency worker in the UK. Even over the run of their full career, workers who once occupied a temporary job, earn on average a wage that is 12% (8,8%) lower for men (women).
This structure of part time, temporary contracts, results in one third of workers not having sickness leave rights. (Half of UK firms do not pay anything during the first three days of sickness). Lack of decent legal protection or organised trade unions at work is resulting in one in five workers or about 6 million workers in total being vulnerable to abuse from their employers in the UK.

INTERESTING PRACTICE TO CONTROL FOR EXCESSIVE FLEXIBILITY
Clear regulation and criteria on distinguishing dependant workers from self-employed workers.
Introduction of a statutory minimum wage in 1999.
Limiting of trial period during which unfair dismissal cannot be contested by the worker from 24 to 12 months.
POLAND

MAIN PROBLEMS WITH PRECARIOUS WORK
The share of fixed term workers has risen enormously, from 4% in 1999 to 26% in 2005. 60% of youngsters are on fixed term contracts. There is a rapid growth in temporary agency work as well. Atypical workers such as these are excluded from training. One tenth of the workforce is self-employed, with many of these depending on one single ‘employer’, especially in the health and social care sectors.

SLOVAKIA

MAIN PROBLEMS WITH PRECARIOUS WORK
The labour code allows the chaining of fixed term contracts over three years. Moreover, the labour law allows this over an indefinite time span ‘if there are reasons to do so’, which is like giving a blank cheque to employers willing to abuse the situation. For certain workers (nurses, care services, workers in small enterprises) the law does not set any limit. In Slovakia, a fixed-term contract can be ended immediately. Slovakian labour law also allows ‘trading licences’, thereby creating ‘false independants’. Employees performing identical work in the same work place are then paid different compensation and have unequal access to social security. Part time workers have a reduced dismissal notice of two weeks instead of two months. Conversion into full time contracts rarely takes place.

INTERESTING PRACTICE
To increase the respect of labour laws, government is considering higher fines, which are now limited to an average of 1 euro per case.

HUNGARY
There is general practice to employ workers as a small/semi entrepreneur. Ongoing legislation tries to make the distinction between workers and entrepreneurs clear. Recent legislation also forces firms that are borrowing workers from other firms to pay an equal wage.
SLOVENIA
Number of atypical workers (project workers, workers posted to another employer) is rising. For workers involved, this creates uncertainty, much less attachment to the company so less innovation. These workers also have less access to credit and loans.

ESTONIA
Much sickness-related absence from work has to do with bad and unhealthy working week of sickness to firms themselves.

NORWAY
**Main problems with precarious work**
One tenth of workers are in temporary employment, mostly youngsters. Temps are excluded from pension schemes and their high turnover results in employers showing no interest in upgrading their skills. There are also problems with access to housing loans.

One fifth of workers is in part time. Employers abuse part time work to avoid contributing to pension arrangements.

**Interesting practice**
The working environment act limits the use of temporary jobs to exceptional cases but the follow up of this principle is low in services sectors where trade union density is limited.

SWEDEN*
**Main problems with precarious work**
Since 1997 the use of fixed term contracts is no longer limited to certain specified cases (such as for example a temporary increase in activity or replacing permanent workers that are on leave or on sabbatical). However, workers can not be hired on a fixed term basis for more than 12 months over a period of three years while the there's also a maximum of five persons per enterprise. Collective bargaining contracts can deviate from these rules. A contested reform in 2000 allowed local bargaining to agree upon these deviations, whereas before 2000, this deviation could only be done through centralised bargaining. Fixed term work increased from 14,4% in 1996 to 16% in 2000.

Another even more striking development concerns the increase in part-time work since 2000, from 19,4% of all workers to 24,7% in
2005. Behind these figures hides, amongst other things, the problem that employers are abusing part-time work contracts by combining these with practices of 'on-call' work.
# ANNEX 2

## EXEMPLES DE TEXTES À CARACTÈRE TRANSNATIONAL NÉGOCIÉS AU NIVEAU DE L’ENTREPRISE

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INTRODUCTION

1. On 4 October 2006, the Commission published a Communication entitled “Global Europe: competing in the world”, welcomed by the General Affairs council of 12 November 2006. That text proposes that EU external trade policy be reoriented through a number of initiatives to be given effect late in 2006 and early in 2007. The ETUC wishes to set out in this resolution the position it has already expressed in a press release and at two conferences organised by the Trade Commissioner.

2. The ETUC considers that this Communication represents a break with the pro-multilateral and pro-development approach of the Commission’s current trade policy mandate. It calls for a wide European debate to be opened on this subject, notably involving the social partners, and for this matter to be placed on the agenda of the spring 2007 European Council.

3. With that aim in mind, the ETUC has launched a campaign addressed to Members of the European Parliament and the Member States. The ETUC’s contribution to this debate will be one of the points of the ETUC action programme proposed at the Seville Congress.

II. CONTENT OF THE COMMUNICATION

4. The stated purpose of the Communication is to revise the priorities of European trade policy, making it the “external chapter” of the
Lisbon strategy for growth and employment. The proposed new approach comprises two chapters: one on external policy and the other on EU internal policies. The external chapter recommends that, to maintain its ability to compete on global markets, Europe should accelerate access for its companies to third country markets, particularly targeting the regulatory environment in those countries. The internal policy chapter recommends that the imperatives of competitiveness be taken on board more explicitly in the development of European rules and their harmonisation with those from the European Union’s trading partners.

EXTERNAL CHAPTER

5. While reiterating the priority of multilateralism and of agreement in the Doha round of trade talks, the Commission proposes to negotiate several bilateral free trade agreements with emerging countries, in particular ASEAN (Association of South-east Asian Nations), South Korea and Mercosur. These agreements will have to go further than a WTO agreement by tackling services and barriers of a regulatory nature to competition, investment and public procurement. Thus, the Commission wishes to reintroduce the "Singapore" questions into the bilateral agreements, while the developing countries made it very clear in Cancun that they do not wish to discuss those issues.

6. After the publication of the Green paper on EU investments in trade defence the Commission confirmed through the Commissioner for Trade its will to adapt it to the changes linked to globalisation. The Commission recognized the legitimate request of the trade union moment on the necessary reference to the inclusion of the social, environmental norms, of the recognition of the concept of “decent work” and an agenda of sustainable development and environment in the bilateral agreements. A supplementary advantage should be granted to those who respect the criteria stipulated in the trade agreements.

7. To facilitate EU access to basic resources such as energy, metals and primary raw materials, the Communication proposes to abolish restrictions on access to resources in EU partner countries, except where justified for security or environmental reasons.
8. In November, the Commission proposed a detailed strategy on relations with China. On trade and economic issues, it focuses on intellectual property, market access and investment opportunities.

9. By the start of 2007, the Commission will propose a number of measures on intellectual property rights, access to public procurement in third countries, trade defence instruments (antidumping and safeguard measures) and a renewed market access strategy.

**INTERNAL CHAPTER**

10. The internal chapter of the Communication certainly raises the most concerns. To enhance support for external competitiveness and better serve the interests of European businesses, it proposes that, when developing regulatory standards, the EU should ensure consistency with its main trading partners, including through the consultation of industrial leaders from outside of Europe. This concerns all Union policies, including social policy. The idea is to go even further than the policy of “better regulation”.

11. The Commission recognizes that the advantages of market opening in the textile sector have not been passed on to consumers. It commits to set in place systematic monitoring of import and consumption prices before considering further action.

12. The Commission is aware that if it wants ambitious free trade agreements, it will have to offer concessions, by opening sectors of the European economy. In addition to transitional periods and safeguard measures, the Commission will rely on new EU cohesion programmes and on the new Globalisation Adjustment Fund to manage the effects of liberalisation, but does not specifically mention workers’ needs in adapting to change.

**III. THE ETUC POSITION**

**GENERAL APPROACH**

13. The ETUC is not opposed to a partial revision of European trade policy to improve its contribution to growth and the creation of jobs in
Europe. It concurs with certain aspects of the Commission's analysis, and the necessity for the EU to be more active in the following areas:

a. redirecting European exports to expanding markets in the emerging countries;

b. enforcing the commitments made by our trading partners on intellectual property rights when these rights do not affect public health and human development in the developing countries. This should involve technical cooperation and assistance to the developing countries and identification of the countries to which the EU's efforts should give priority;

c. maintaining trade defence instruments imposing temporary targeted restrictions on certain anticompetitive imports in Europe, and reinforcing them if the EU should accept further opening of its markets.

14. In contrast, the ETUC would like to express its disagreement with the proposed general reorientation of European trade policy in favour of an extremely aggressive liberalisation agenda in the developing countries, without consideration for possible social and ecological implications, both positive and negative.

15. This logic, which can be considered "mercantilist", is a flagrant contradiction with the Commission's commitments to improve coherency between trade policy and development, social and environmental objectives. These commitments are asserted in a number of communications, notably the Decent work Communication of May 2006 and the 2004 Communication on the Social Dimension of Globalisation.

16. The Union must promote an original and transparent approach to external trade, which is not that taken by the United States. The ETUC expects the EU to align its trade policy with the principles it promotes in its policies and Treaties, in particular the Charter of Fundamental Rights, namely the primacy of fundamental human rights - the social, health, environmental and cultural rights of peoples - over trade competition rules.

17. The Communication sees rules and standards as nothing more than obstacles to trade or "red tape". Yet the rules represent collective preferences. For example, the draft REACH Regulation reflects
what Europeans want in terms of the safety of chemical substances, even if the regulation is not to the liking of industries outside of Europe. The ETUC wants the question of collective preferences to be put back on the Commission’s agenda, because it has the potential to promote Europe’s legitimate collective interests in globalisation.

18. It is urgent to examine the impact of globalisation on climate change and how international trade rules could encourage the reduction of greenhouse gas emissions. The ETUC would like to see the Commission analyse the possibility of introducing a border tax adjustment system in trade with “non-Kyoto” countries and restricting intellectual property rights on technologies essential for combating climate change.

BILATERAL AGREEMENTS

19. The ETUC stresses its attachment to multilateralism in trade. The Doha development cycle offers numerous opportunities to help the developing countries become integrated into the world trading system. In addition, one should not overestimate the capacity of bilateral agreements to bring real benefits to the developing countries. By definition, bilateral agreements do not allow treatment of certain subjects that respond to the interests of developing countries, such as domestic support for agriculture.

20. The ETUC stresses the opportunity offered to the Commission, in the context of the relaunch of the Doha talks, to reiterate the necessity of taking to a decisive stage work on the development of cooperation between the WTO and the ILO.

21. That said, however, the ETUC is not opposed to bilateral or inter-regional trade agreements provided they really contribute to the sustainable development of the partner countries, their citizens and their workers. We believe the Commission has the opportunity, through its bilateral agreements, to promote an active policy allowing the development of quality employment in Europe, and among our trading partners, in accordance with EU policy objectives such as respect for the Charter of Fundamental Rights, the development of an active environmental policy to combat climate change in particular, the promotion of public health at international level, in short, the emergence of new develop-
ment concepts. Unfortunately, we do not find the development of such an active policy in the Commission’s Communication.

22. The future bilateral agreements must include a social dimension. This social dimension should, in our opinion, comprise three essential elements which constitute decent work:

■ the promotion of dignified and fair work
■ the promotion of social protection through public and private processes (mutual associations)
■ the guaranteed application of social rights (the eight fundamental ILO conventions, the right to employment, protection of maternity, and health and safety at work).

23. All bilateral agreements must be accompanied by a social dialogue committee composed of economic and social representatives of urban and rural sectors. Its task should be to monitor implementation of the social dimension and to negotiate implementing arrangements on a tripartite or bipartite basis.

24. The agreements being discussed with Mercosur must include such a social dimension, as requested jointly by the ETUC and trade union organizations in the region.

25. The trade agreement under consideration with South Korea will be a real test of the Commission’s will to promote workers’ legitimate rights through its trade agreements. South Korea is the only OECD country that does not respect its international obligations in terms of workers’ rights, in particular freedom of association. An agreement with South Korea that would not include provisions to promote respect for fundamental ILO standards would be totally unacceptable to the ETUC.

**Internal dimension of the Communication**

26. The Communication says nothing about the price the EU would have to pay to achieve further market opening in third countries through these new free-trade agreements, in particular in the sensitive sectors of services and mode 4 (with temporary movements of service providers). If such agreements were to be concluded, they must be preceded by an open debate on this point.
27. For the ETUC, European regulations and standards must not be governed solely by the imperative of competitiveness if this concept is limited to maximizing the share of the global market held by multinationals operating in Europe. A fortiori, standards must not be established in consultation with businesses outside the Union. The aim of achieving regulatory convergence with the United States at all costs would not take forward European prosperity, built on high social and environmental standards. On the contrary, Europe should seek to project its standards outside the Union through all its policies.
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