



Brussels, 3 October 2005  
CP/JN/WK/ab/em

TO: Members of the Internal Market Committee of the European Parliament

## **Re: Draft Directive on Services in the Internal Market**

Dear Sir or Madam,

Your Committee will vote this week on the draft proposal from the European Commission for a Directive on Services in the Internal Market. As you may well be aware, the ETUC – representing over 60 million workers is very concerned about it.

For the ETUC, the key to a sustainable internal market is fair competition. It means:

- a) a level playing field for companies;
- b) fair working conditions and equal treatment of workers.

The ETUC welcomed the improvements introduced to the directive by the Employment Committee of the EP adopted with a large majority of all political groups. Unless major changes are made in the same direction in the Internal Market Committee, it will achieve neither of these two objectives, and will even risk having the opposite effect.

On the eve of the vote in the Internal Market Committee, the ETUC calls on the Committee:

1. to clearly and unambiguously define the subject matter (art.1). It should aim only at free movement of genuine commercial services, and not deal in any way with public services, social security regulation or have any effect on labour law, collective bargaining and industrial relations;
2. to exclude from the scope (art. 2) sectors in which, for many different reasons of general interest, a specific sectoral approach is more appropriate, such as
  - services of general interest and general economic interest, healthcare, social and welfare services (reasons of security of supply, accessibility, continuity, etc.)
  - the temporary agency sector, where special safeguards have to be put in place to protect workers and labour markets against potential abusive or disruptive practices, or
  - private security sector (reasons of public security);
3. to explicitly acknowledge its respect for other Community regulations, notably all regulations with regard to international private law (Rome I and II), the Posting Directive and coordination of social security schemes (art.3);

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4. to take into account the vast body of arguments of experts who have convincingly argued that the country-of-origin principle is not an acceptable instrument to bring about a sustainable internal market for services. It could only work if there were a sufficient level of harmonisation or equivalent provisions. Without these, it will create a destructive race to the bottom.

Some politicians at EU and national level are presenting the draft Directive as a major and indispensable tool for economic and employment growth, especially in the new member states.

However, they seem to forget that citizens and workers in the new member states have embarked upon the enlargement process with the understanding that this would mean adherence to the values of a social Europe, where economic and social development go hand in hand, with one of its basic objectives being the levelling upwards of living and working conditions. They were promised, indeed, the improvement of employment opportunities, but not at the expense of workers' rights.

The Services Directive as proposed by the Commission, rather than promoting a genuine European internal market for services, fosters regime-competition, allowing 25 and soon 28 member states to compete on each other's territory at the expense of quality public and social services, the environment, industrial relations systems and workers' rights.

This will not bring about the support necessary from populations in all EU member states for a comprehensive implementation of the four freedoms enshrined in the EU Treaty, including the free movement of workers. Instead, it feeds into feelings of insecurity and fear of change, leading to irrational demands "to close the borders", and even to racism and xenophobia.

To be able to prove to Europe's citizens in the West and East that free movement of services and workers will be beneficial to them, it is of the utmost importance to show that this will not lead to a race to the bottom.

For the ETUC to be able to support a full and coherent implementation of the four freedoms, equal treatment of workers regardless of their country of origin, and fair competition between companies based on respect for industrial relations systems and collective bargaining systems must be at the heart of it.

Please take these demands into account and be aware that you take an important decision which will have major influence on the general position of European trade unions towards the European integration.

We hope to get your support on the key issues of concern that are expressed above.

Thank you very much for your understanding and support.

Yours faithfully,



John Monks  
General Secretary