

# OUR PRIORITIES

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ETUC Resolutions  
2002



EUROPEAN TRADE UNION CONFEDERATION

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# EMPLOYMENT POLICY



1. During the last few months, the European economy has suffered a serious slow down and the outlook for the future remains uncertain. Massive job losses are being announced almost daily. Unemployment is threatening to rise once again and social inequalities are likely to deepen.

In response to this situation, the ETUC calls on the Barcelona European Council to give priority to supporting growth and employment. In the absence of inflation-related pressures, the ECB should contribute to this effort by reducing interest-rates.

ECOFIN must cease to stand on the sidelines, and should exploit the room for manoeuvre which exists for policies to boost economic activity by providing real economic coordination at European level.

A new wave of substantial investment is necessary, based in particular on the new technologies which respect the environment, contributing to creating the conditions for sustainable development, and on the infrastructure of the information society.

It is only by acting in this way that the European Council can maintain the course set in Lisbon.

2. The ETUC is disturbed by the fact that on the eve of Barcelona, several governments, along with European employers, are turning in quite another direction, arguing simply for market deregulation, structural reform and yet more labour flexibility.

This unilateral approach contradicts the balanced integrated nature of the Lisbon strategy, and stresses economic reforms to the exclusion of social and environmental needs.

The ETUC, by contrast, remains convinced that only by pursuing the balanced and integrated strategy set out at Lisbon can Europe's potential for growth be unleashed to achieve the goal of a more competitive and innovative economy bringing full employment and greater social cohesion.

The ETUC stresses once more that further market deregulation should not be a matter of simple ideology, but must be based on an in-depth

evaluation of previous experiences and their impact on employment and public needs, and must be accompanied by the adoption of a European framework directive on services in the general economic interest which preserves their role as an essential component of the European social model.

Turning to the labour market, any reform should be the result of social consultations and collective bargaining, safeguarding the quality of work, social protection and workers' rights.

The ETUC is opposed to the kind of flexibility which is synonymous with insecurity, particularly for women and young people. Lifelong training must be an essential aspect in developing secure quality jobs.

3. The ETUC believes that the social partners have an important part to play in the success of the Lisbon strategy. It confirms its belief in the European social dialogue and collective bargaining as an essential element in regulating industrial relations.

At the European level, this cannot exempt the Commission from its responsibilities for promoting social and employment policies, all the more so where social dialogue fails to deliver results.

From this point of view, the ETUC calls for the Commission to take urgent steps to put forward a directive regulating temporary work, to take the necessary initiatives to implement the Nice Social Agenda, and to extend the Lisbon Strategy which is based on the quality of jobs, resisting all attempts to undermine this strategy.

The ETUC welcomes the results achieved with the UNICE and the CEEP regarding the development of skills and qualifications, which is a first step towards a greater commitment both in European and nationally. It calls for the existing negotiations on teleworking to be speeded up in order to bring them to their logical conclusion, and demands that European employers should fully accept their responsibilities in drawing up a European framework capable of ensuring the social control of the restructuring process in Europe.

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# ANTICIPATING AND MANAGING CHANGE A DYNAMIC APPROACH TO THE SOCIAL ASPECTS OF CORPORATE RESTRUCTURING

Executive Committee, 11-12/03/2002

1. The ETUC welcomes the consultation by the Commission on Community action in the area of restructuring. Such action is urgently required in light of the high number of corporate restructurings taking place and the strategy for full employment agreed by the Heads of State and Government at the Lisbon Council.

2. A range of Community instruments – both legislative and/or contractual - are needed in order to ensure that decisions regarding corporate restructuring are based on long-term perspectives and managed in a socially acceptable manner. Such measures must include the ongoing development and improvement of minimum standards. Dialogue between social partners aimed at developing best practices on anticipating and managing restructuring, though important and welcome, is not enough. The European Commission and the Council should not abandon responsibility in this area to the social partners alone.

3. The ETUC agrees that it is the way in which change is anticipated and managed which is fundamental. All too often restructurings – with all the negative consequences that they have for workers - fail to meet the objectives set for them. This makes it even more necessary that workers are involved in the process of change on an ongoing basis and that restructurings take place according to the “lowest social cost” principle. This requires also that companies have in place life-long learning strategies, as called for in the social partners agreement for a *“framework of actions on life-long learning”*.

# SOCIAL POLICY

4. The attached ETUC position paper sets out a number of detailed proposals for Community action, not least in the area of information and consultation rights, and calls for ongoing research and analysis on the extent and impact of corporate restructurings by sector, country and region.

5. The ETUC supports in particular creating an obligation for companies to publish an annual report on changes affecting employment, working conditions and the environment. A regulation should be established in this area either by legislation or by collective agreement.

6. The ETUC proposes to UNICE and CEEP to enter into substantive discussions during three months on elements for negotiation and on the possible contribution of the Social Partners as regards the anticipation and good management of restructurings. The ETUC calls also on the Sectoral Social Dialogue Committees to address these issues.

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1. Social relations in Europe are deteriorating rapidly. Several Governments throughout the Union, as well as other European Countries, are attacking workers' rights by revising and watering-down in a unilateral manner existing laws and social protection. At the same time, employers continue to lobby for the destructuring of collective bargaining.

Faced with this situation, the ETUC wishes to express its support and solidarity with the mobilisation and actions of workers that are taking place one after the other in various countries as well as the general strike in Spain on 20 June. The ETUC finds it of a great concern that the Madrid Government is taking these decisions during the Spanish Presidency of the European Union.

The generalised character of these attacks calls for a coordinated response at a European level through a campaign in defence of workers' rights and of the European Social Model including public services that the ETUC will set up over the next few months.

2. Governments and employers often justify their actions by referring to so-called European requirements. The ETUC rejects such arguments and would remind them as it has already done on the eve of the Barcelona European Council that the Lisbon strategy is based on a balance between economic dynamism, better employment and social cohesion.

It is illusory to believe that it is possible to make the European economy more competitive by reducing social protection and guarantees when, first and foremost, its competitiveness depends on an active economic policy that stimulates growth and employment, which for the time being is far from materialising, as well as increased investment in innovation, knowledge and lifelong learning.

The ETUC underlines the risk that the consensus achieved around the Lisbon strategy will break up if policies undermining workers' rights are imposed at European level.

3. In addition, the ETUC considers that in the current phase, marked by far-reaching economic and social changes, it is more than ever necessary for workers and their unions to be involved closely in the process. Any reform affecting working conditions must be the fruit of collective bargaining and social concertation.

The ETUC wants the Commission in its forthcoming communication on the future of industrial relations in Europe to make it clear that these relations should be reinforced at all levels. In the same perspective, there is an urgent need for the Commission to revise the European Works Councils Directive, with a view to enlarging its scope of application and making its provisions more effective.

The ETUC reiterates its proposal to UNICE/CEEP to negotiate the measures necessary to provide a social framework for industrial restructuring operations, while reminding the European authorities that they cannot shirk their responsibilities in this area.

4. In addition to these social concerns, there are political concerns.

The ETUC is alarmed more particularly by the rise of extreme right political parties, which are populist, racist and xenophobic and represent a negation of the democratic principles and values which inspire the trade union movement. Their demagogic and simplistic platforms exploit the fears, confusion and uncertainty of populations. They risk to even bring into question the enlargement of the Union.

Europe must react to these realities. A common immigration and asylum policy is both necessary and urgent. However, the Seville European Council would be injudicious to reduce it to purely a question of security.

The exploitation of undocumented persons and the trafficking of human beings must be brought to an end and to manage migration, there must be an efficient social integration strategy founded on equal treatment and rights along with tolerance and the respect of cultural diversity.

The trade union movement will continue to totally oppose all signs of racism, xenophobia, anti-Semitism and indeed all forms of discrimination both in the workplace and in society.

To give hope to populations who are feeling marginalised by the current changes and who live in a climate of insecurity for their future, requires the fight against unemployment and social justice to be stepped up by the way of National and European policies bringing about new jobs and social cohesion.

5. This is an important moment in Europe's history. On the eve of the continent's reunification following the enlargement of the European Union, it is time to reassert, in concrete terms, the values on which Europe is founded.

The European Convention must be capable of giving a fresh impetus to the European project, with full recognition of our social model and citizens' rights.

Only a more social, democratic and citizens Europe can defeat the forces which advocate a return to the past and allow the Union to maintain legitimacy vis-à-vis the world of work and future generations.



# A PRIORITY FOR THE EUROPEAN UNION : ACCESS FOR ALL TO QUALITY HEALTHCARE

Executive Committee, 09-10 /10/2002

## I. CURRENT LANDSCAPE:

**Health care systems in the European Union and the candidate countries are increasingly affected by policies carried out at European level**

1. Although health care systems are considered as a national competence, especially as regards their organisation and financing, they are increasingly affected by “European policies”.

2. It is not our intention to review all European policies having an impact on health care systems, however we wish to underscore the following points:

- The emphasis placed on the need to control public spending in the Broad Economic Policy Guidelines inevitably has an impact on the health policies pursued in the different States (for example, measures intended to control health costs and “rationalise” resources).

- Health systems are not immune from the Internal Market rules. In this regard, as the European Court of Justice has constantly reasserted, health care services are covered by the principle of the “Free Provision of Services”, one of the European Union’s four fundamental freedoms. This also has consequences for the mobility of patients, and on the future financing and organisation of health care services.

- Following national reforms introducing market mechanisms, there is a risk of health care services falling within the scope of Community economic law. As a consequence we see, that drawing and redrawing the fine line between ‘economic ‘ and ‘solidarity’ activity is what much of the legal conflicts and ECJ judgments are about. In addition, privatisation facilitates the creation of a European health services market which multinationals in the sector attempt to dominate.

- Likewise, pharmaceutical policy, which falls within the scope of industrial policy, aims to improve the sector’s competitiveness, based on the diagnosis that Europe lags behind the United States in its capacity to generate, organise and support increasingly burdensome and complex innovation processes. Although there is clearly a need to stimulate innovation and enhance scientific levels, it is also necessary to produce affordable products that are safe, effective and used in a rational way. The current policy tends to readily accept a simple innovation which doesn’t always represent therapeutic progress. Hence, the enterprise which launches the product on the market, makes use of its intellectual property rights, which effectively means a higher reimbursement cost than for a generic product. We must not lose sight of the fact that in all the Member States, expenditure on pharmaceutical products has increased more rapidly than the average expenditure in the area of health care. In certain countries, in particular in the accession candidate countries, pharmaceutical products represent a considerable share of the total public health care budget, which holds back investments to satisfy other urgent health care needs.

- At the same time, the priority given by the European Union to combating poverty and promoting social inclusion makes access to quality care for all, one of this policy’s key strategic elements.

- These policy examples which also reveal a certain fragmentation, inevitably have ramifications not only for patients, but also for the health care services themselves and conditions of access. In particular, the internal market rules create tensions between, on the one hand, the competition rules and, consequently, risk selection in the area of health cover and, on the other hand, access for all to quality health care services. However, it should be noted that health care systems are based in Europe on common values of solidarity and universal cover.

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## II. A TRADE UNION PRIORITY: ACCESS FOR ALL TO QUALITY HEALTH CARE

1. The ETUC and the European Public Sector Unions are not unaware of these challenges and the pressures facing health care systems throughout the European Union and in the candidate countries.

For the ETUC and the EPSU, the priority and objective of any European approach must be access for all to quality health care, which implies initiatives be taken and measures adopted, both nationally and at European level.

2. In light of this priority, the ETUC and the EPSU have certain criticisms of the European Commission's Communication entitled 'the Future of Health Care'. In this communication, the Commission addresses the question of increasing health care expenses, among other things in relation to the ageing of the population, as it does for the pension schemes and related expenses. However, The question isn't that similar. Studies show that, on average, it is in the last year of a person's life that expenditure explodes (in the same way, inversely, in the first years of a person's life) and not because people get older, except for pharmaceutical expenses which are higher for pensioners than for the active population. Moreover, the approach thus adopted at European level confuses "health" spending strictly speaking for elderly people and "support" spending, related to long-term constant care situations (food, personal hygiene, etc.) which are not of the same nature and do not follow the same financing rules.

In addition, we distinguish the debate on the future of health care from that of situations requiring long-term constant care. Although there is a need for European reflection on the latter issue, this distinction must be made

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## III. HOW TO ACHIEVE THIS TRADE UNION OBJECTIVE AT EUROPEAN LEVEL?

1. The measures taken at European level must not subordinate the social approach to economic and financial imperatives.

This is particularly important with regard to the Major Economic Policy

Guidelines. We should never lose sight of the fact that social protection is a productive factor that contributes to growth and social cohesion.

2. Achieving the objective of access for all to quality health services implies the following initiatives:

- The ETUC and the EPSU call for Community legislation to be amended and an open method of coordination<sup>1</sup> to be adopted in the area of health care.

### LEGISLATION:

#### The Treaty

- The future Treaty while stating that the funding and organisation of health care remain a member state competence, needs to combine the "acquis" already included in the Treaty, in particular the high level of social protection and a high level of human health, with the right to health included in Charter of Fundamental Rights in view of promoting accessible and financially sustainable health care of high quality organised on the basis of solidarity; .This also means that European policies must measure their impact on national health care systems in order to asset the principle of solidarity ahead of competition, The ETUC and the EPSU will mobilise during the Convention's work in order to have this obligation included in the Treaty.

#### Directives and regulations, inter alia.

- This obligation implies that new and revised legislation such as
  - The one on services of general interest which must give priority to the principle of solidarity.
  - An amendment of the directives concerning the recognition of professional qualifications in the health care sector in order to include qualifications acquired by way of further vocational training;
  - An amendment of the directive on non-life insurance; article 54 currently provides for an exemption for certain types of insurance, that

<sup>1</sup> Following the example of employment policy, social inclusion and pensions, the open method of coordination is a process at European level that sets objectives, in this case in the area of health care. This process then requires these objectives to be achieved nationally by allowing the Member States to choose the method: this means that the States draw up plans of action, with the Council and Commission subsequently jointly assessing national achievements.

is to say the competition rules can be waived on the basis of the concept of general interest, but this article does not protect sufficiently supplementary insurance in the area of health care based on the principle of solidarity;

- An amendment to the sickness and maternity chapter of regulation 1408/71 relative to the application of social security systems to employees, self-employed people and members of their family who travel within the Community. In the light of the judgements handed down by the European Court of Justice, this chapter is now obsolete and creates legal uncertainty; The revision of this chapter should reflect an equilibrium between free movement of persons, financial sustainability of the health care system, and creation of medical centres of expertise;
- A new directive on electronic commerce in medicines, in particular regulating direct advertising to consumers. Some advertisements can lead to an inefficient and counter-productive use of medicines.

### The open method of co-ordination

- The implementation of an Open Method of Co-ordination, including the definition of common objectives, determined at national level, the introduction of qualitative and quantitative evaluation indicators and a monitoring and assessment procedure.

The following guidelines result from the priority objective of “access for all to quality health care services”.

- **Guaranteeing the financing** of health systems **based on solidarity** between sick people and people in good health. This means not only that patients should receive the health care required by their condition and not simply according to the extent of their contributory capacity or income, but also that they should contribute according to their means.
- **Implementing**, in all the Member States and at European level, an approach based on an assessment of both technological performances and the effectiveness of medical practices, which implies abandoning all practices and medicines which have not proved their relevance and therapeutic effectiveness.

However, the following aspects must be distinguished:

- today, there is a European agency which evaluates the effec-

tiveness of new medicines (the European Medicines Evaluation Agency, EMEA); however, it is possible to criticise its lack of transparency and question whether the distinction between therapeutic progress and simple innovation has been truly established;

- there are neither tools at European level to evaluate the therapeutic progress of medical equipment nor scientific standards to evaluate medical practices.

In this regard, the ETUC and the EPSU call for greater transparency with regard to the European Medicines Evaluation Agency’s decisions, as well as new tools for the purpose of evaluating medical equipment and medical practices

- **Involving the Social Protection Committee** in defining the policies to be applied at European level in this area. The social partners must continue to be consulted in the framework of this committee and also be involved in the process at national level.
- **Involving** users, that is to say patients, in the definition of health policy objectives and the means necessary for their implementation. A distinction must be made between this and the management of health care systems which, in Bismarckian social security systems, falls within the remit of the social partners in particular.
- **Ensuring that illegal immigrants are guaranteed access to health care. Today, certain Member States invite the medical authorities to denounce illegal immigrants.**
- **Favouring preventive actions, including the area of health and safety at work.**

### The European social dialogue

- The ETUC and the EPSU want to be consulted on the subject of new Community legislation having an impact on health care systems.
- The EPSU is in favour of a European social dialogue with the employers of the different sub-sectors related to health care services.
- **The Commission will favour the development of cooperation** between the Member States facilitating access to all hospitals or health centres, from one country to another, following the lead in this area of certain

cross-border regions, by creating for example centres of excellence relative to hospital treatment.

- The Commission will establish a biannual report on the impact of European policies on health care systems.
- The Commission, in the framework of the WTO, must defend at the GATS (General Agreement on Trade in Services) the concept of 'health care services' as part of services of general interest.

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#### IV. MEASURES MUST ALSO BE TAKEN AT NATIONAL LEVEL TO ESTABLISH THE NECESSARY CONDITIONS TO ALLOW ACCESS FOR ALL TO QUALITY HEALTH CARE SERVICES.<sup>2</sup>

For the trade unions, this means:

- **as regards patients**, through **the introduction of genuine patient rights**, including **respect** of their dignity and their privacy, **the guarantee** that they will not be subject to observation or medical experiments without their prior, authorisation, **the right to** information concerning their state of health and the treatment as well as the right to decide to accept or reject the recommended treatment and recognition of the role of associations and trade unions as representatives of sick people and users.
- and for the personnel concerned**, the means to provide a quality service, which requires notably **taking into consideration**, in personnel recruitment procedures, patients' needs and not only economic constraints, and **ensuring that the personnel recruited** benefit from the working conditions, wages, training and qualifications necessary to allow them to provide quality care.
- services; cost control must not be to their detriment.<sup>3</sup>

<sup>1</sup> This resolution also draws on the principles of the Ljubljana Charter for health care reform, WHO Europe 1996. This Charter stipulates that the reforms must be aimed at better health and quality of life for all.

<sup>2</sup> This resolution endorses the text of the Ljubljana Charter on Reforming Health Care, 1996, which addresses health care reforms in the specific context of Europe and is centred on the principle that health care should first and foremost lead to better health and quality of life for people.



## 2003, EUROPEAN YEAR OF PEOPLE WITH DISABILITIES

Executive Committee, 19-20 /11/2002

### “ALL FOR ONE AND ONE FOR ALL” A EUROPEAN YEAR FOR EQUAL RIGHTS FOR PEOPLE WITH DISABILITIES

The ETUC and its affiliated organisations welcome the Council decision to nominate 2003 as the European Year of People with Disabilities.

The ETUC will mobilise trade unionists everywhere to make this European Year a success, to make it a year for equal rights and social integration in an ordinary work environment and a launch pad for the future, to develop access to education, employment and the dignity of all persons with disabilities.

#### **The ETUC action plan: mobilise and raise the profile of trade union action for people with disabilities**

The ETUC action plan will focus on three priorities as well as campaign material and a number of initiatives.

#### ETUC PRIORITIES

Three priorities will determine the successful integration of persons with disabilities:

- the right to job
- the right to education and training
- the right to dignity

All these rights should be the subject of a special Directive deriving from the framework directive adopted on 27 November 2000 "establishing a general framework for equal treatment in employment and occupation" which is now being transposed into the legislation of Member States. In cooperation with NGOs working with people with disabilities organised in the European Disability Forum, the ETUC is calling for the Commission to take the initiative in bringing forward this directive.

## WHAT SHOULD BE COVERED BY A EUROPEAN DIRECTIVE?

### RIGHT TO EMPLOYMENT

The right to employment should be tackled in the broadest sense of the term, starting from the time of recruitment. The Directive should explicitly call for priority to be given to the skills and aptitudes of applicants, so that they are not judged by their disabilities.

Public and private employers, and employment or placement services should have the duty to make known all available vacancies by all appropriate means and while using new technologies, including notification at home.

The right to employment also involves the right to vocational training and promotion within the enterprise.

*Adapting the work place and access to it* are other essential factors in employing persons with disabilities. This provision already exists in the general directive "establishing general framework for equal treatment in employment and occupation" of 27 November 2000, unless "the measures in question give rise to a disproportionate burden" for employers. For the ETUC, the consultation of staff representative bodies is essential.

*Re-employment, or continuing employment* (or in an equivalent job reflecting the new skills of the person concerned, without loss of wage), for persons who are victims of accidents whether at work or otherwise is another trade union priority. This priority also aims at those who will temporarily interrupt their job to take care of a disabled person.

In a general way, staff representative organisations should be periodically consulted on the integration policies pursued by enterprises, depending on the size and type of business, and of the impact of this policy on the employment of people with disabilities.

Special clauses should be introduced in collective bargaining and collective agreements regarding the right to employment and equal opportunities for disabled persons or for people requiring special care.

It is vital to introduce *incentives* to employ people with disabilities, such as quotas or other suitable measures, since the high rates of unemployment among this section of the population suggest that, in this area, goodwill and the exchange of good practices are insufficient.

When the health of disabled persons makes it impossible for them to integrate into the ordinary labour market, and they are consequently employed in *protected workshops*, the directive should give these workers equivalent social rights to those granted to people in the normal working environment.

### RIGHT TO EDUCATION AND TRAINING

Member States must take all appropriate measure to ensure the access of people with disabilities to the *ordinary school environment*.

This entails:

- a multi-annual plan to create places in existing or future schools
- adapting all the premises concerned
- adapted means of transport
- measures **and resources** to raise the awareness and training for the staff responsible for receiving, supporting and educating these people.
- period evaluations of these policies with the social partners and organisations concerned.

The same applies to university and higher training, particularly in respect to the adaptation of premises, to transport and to the implementation of programmes and adapted technical and human services.

And where the personal situation of the child with disabilities so requires, and a placement in a specialised institution is necessary, Member States shall ensure that:

- these institutions have adequate resources and lead to the acquisition of genuine vocational training and skills.

## RIGHT TO DIGNITY

The right to dignity means the possibility to choose one's way of life. This is ensured through a guaranteed *income* making it possible to live in an independent way, in other words the right to a decent income for the person with disabilities and if need be for their carers.

This income should

- compensate for the loss of income following or resulting from disability,
- compensate the additional expenses engendered by disability,
- compensate where applicable for the loss of income and social rights of the family member or other person caring for the person with disabilities;

It is also obtained through the *right to housing*, which entails the obligation :

- to adapt and renovate the existing dwellings to make them accessible to disabled people, with fixed deadlines for implementation;
- to build housings adaptable to persons with disabilities;
- to design in an innovative way the conception of architecture in towns and conurbations which takes account of the everyday life of persons with disabilities.

The *right to health* is also involved, and measures should ensure :

- health centres situated close enough;
- treatment units, specially adapted to the needs of persons with disabilities available in public and private health establishments
- the specific and/or more expensive treatment required by the disability should be wholly provided by Social Security systems on the basis of national solidarity
- the development and the payment of home services and tele-assistance.

All measures preventing acts of violence against people with disabilities shall be taken and medical treatments which do not affect the dignity of the concerned person shall be ensured.

All elements in literature, arts or any other cultural fields leading to the despise of the image and/or the representation of the persons with disabilities **shall be subject to indictment under criminal law.**

The right to dignity also implies the *accessibility* and the *use* of goods and services.

All buildings and establishments open to the public must be accessible to persons with disabilities.

Public and private transport shall be adapted and the new equipment shall be designed in a way that allows persons with disabilities to use them.

All obstacles aiming at hindering the access to and participation in sporting and cultural activities by persons with disabilities shall be suppressed.

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1. Along with other parts of the world, Europe continues to attract all those who are forced, by poverty, armed conflicts and the persecution of minorities, to flee their own countries in search of a better life.

In order to take this situation into account, we need a common European policy characterised by solidarity, openness and responsibility and capable of:

- reducing illegal immigration, upstream, by fighting the networks of traffickers in human beings and, downstream, by penalising unscrupulous employers;
- managing migratory flows;
- working towards the integration of third country nationals with the aim of moving away from the immigration-linked debate of elections and from the exploitation of collective fears.

2. Since the European Councils in Tampere and Seville, the European Union has begun to develop a common policy on immigration and asylum.

The ETUC is calling for the subsequent legislative and operational decisions to be taken rapidly. In particular, the Council should make a decision on the proposals for a Directive on:

- reuniting families;
- the conditions of entry and residence of third country nationals including consultation of employers and trade unions;
- the status of long-term residents including free movement of third country nationals;
- the extension to those nationals of the 1408/71 regulations (maintenance of rights with regard to social security for migrant workers).

In addition, common criteria for the legalisation of immigrants arriving without documents must be established, guaranteeing their integration into working life. The right of illegal workers to trade union membership must be maintained at all costs and this is also required by ILO Convention no. 87.

As far as a common asylum policy is concerned, ETUC reiterates that the political objective is to ensure the protection of persecuted individuals. This means drawing up common criteria, based on the Geneva Convention, and other international instruments, laying down the conditions for recognition of refugee status.

3. Managing migratory flows requires both a European policy of fair and sustainable co-development vis-à-vis the countries of origin and a European integration policy.

Immigration issues can be included in the EU's co-development agreements with respect to non-member countries, although financial aid should not be made dependent on them.

Integration policy should be based on the principle of equal treatment and opportunities and should form part of the European strategies for employment and social inclusion.

Applying this legal principle in a policy of integration presupposes the active participation of third country nationals and Community citizens alike as well as their support for the values of human rights.

European employment and social inclusion strategies must provide for specific measures aimed at desegregating the labour market as well as facilitating real access for third country nationals and their family members to health care, housing, social security, social welfare and education. These strategies must be based on the EU Charter of Fundamental Rights and on the directives on equal treatment of people, regardless of race or ethnic origin.

The new EU Treaty must guarantee third country nationals the same political rights as Community citizens and, in particular, guarantee long-term residents the right to take part in the political elections in the same way as Community citizens.

4. Immigrants and ethnic minorities are often the victims of discrimination and racist acts. The trade union movement must be firm in its opposition to this, and take particular care to ensure that the principle of equal treatment is applied in the work place.

ETUC calls on all its affiliated organisations to work tirelessly to promote respect of European anti-discrimination legislation and its rapid transposition at national level, and for the inclusion of provisions to supplement this legislation in collective agreements. We must continue to organise and defend the interests of immigrant workers and workers from ethnic minorities, so as to fight together for a Europe characterised by openness, solidarity and responsibility.

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## **7** EMPLOYEES FINANCIAL PARTICIPATION

Executive Committee, 19-20/11/2002

1. Following the Pepper reports on financial participation in 1991 and 1996, the European Commission in October 2001 launched a Staff Working Paper indicating the intention to consult the Social Partners and to launch an Action Plan on financial participation of workers.
2. The member organisations of the ETUC have negotiated many agreements on different forms of financial participation. The ETUC therefore considers it less helpful to indiscriminately lump together a multitude of actors in a field where the Social Partners and the Member States have the key role.
3. There are several different forms of financial participation including asset formation and saving schemes, profit participation and capital participation. They all need to be defined rigorously and accurately. In the ETUC's view, profit-related bonuses are sums paid over and above fixed wages. Capital participation means shares, or a similar interest in the undertaking's equity, offered by that undertaking to its workers for free or at preferential rates on the basis of an agreement concluded with worker representatives
4. In Member States there are diverse systems depending on national circumstances and the respective industrial relations system. Employee attitudes and preferences are also different. The ETUC gives the priority to wage negotiations and a safe and transparent remuneration. Any European action plan should be designed in such a way as to afford the greatest latitude for adaptation to national specificities. The ETUC can support such a plan only if the following prerequisites are met:
5. The ETUC underlines that financial participation will have a positive impact only if it is embedded in a whole system of worker involvement at all levels.



6. In a profit participation scheme wages could be made to vary with the amount of bonuses. The ETUC firmly states that profit participation, as indeed all forms of financial participation, should provide an additional income and should under no circumstances constitute an alternative to wages. Financial participation is equally not an alternative to public pensions or to collectively agreed pension schemes. Negative effects of the fiscal or para-fiscal status of financial participation on national systems of social security have to be compensated.

7. The ETUC believes that all the modalities of financial participation should be introduced through negotiations between social partners and that collective agreements should set the framework for financial participation. Participation in any type of scheme must always be voluntary .

8. Financial participation should under no circumstances strengthen inequalities of income, neither within companies nor in the society in general. Special attention must be given to the impact on gender equality. The ETUC therefore insists that financial participation schemes must cover all workers within companies where they are adopted.

9. The purposes and objectives of financial participation are many and may vary. So far the Commission has focused to one-sidedly on the relation to productivity gains and less or not at all on for example general economic objectives and distribution policy objectives. The ETUC stresses the need for the Commission in its action plan to avoid a one-sided interpretation of financial participation.

10. The Commission refers solely to financial participation at the company level, this in a time when professional careers are no longer marked by a life-time service in a single company. The ETUC invites the Commission to reflect on schemes that go beyond the company level, in particular for small and medium sized companies and in the public sector.

11. The ETUC believes that collective funds are a form of financial participation of workers which is safer than others. A fund is less vulnerable in the event of insolvency. Provisions for the case of insolvency should be established in any system of financial participation.

12. Financial participation schemes should be transparent and go along with a long-term policy on corporate social responsibility. Financial participation schemes should be the subject of prior consultation and agreement with worker representatives and trade unions.

13. The ETUC calls on the employer's organisations, UNICE and CEEP, to make sure, jointly with the ETUC, that collective systems of financial participation are given prominence and that financial participation is well embedded in a general system of workers' involvement.

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1. In December 2000 the ETUC Executive Committee adopted the first resolution on the coordination of collective bargaining and a “*coordination Guideline*”, setting out a common framework for coordination activities, as called for in the ETUC Congress Resolution “*Towards a European system of industrial relations.*”

2. Three years on, the latest report from the Collective Bargaining Coordination Committee reaffirms that the implementation of the Guideline is fundamental to achieving the ETUC’s aim of preventing wage dumping and supporting the upwards harmonisation of living and working conditions in the EU and in the candidate countries. Seeking not least to counter demands for “*wage restraint*” the Guideline aims increasing the proportion of labour productivity gains allocated to wage rises.

3. The Guideline is a long-term objective for the balanced distribution of the wealth created by workers and businesses and should not be regarded as a ceiling - since there may be annual variations in the guideline - but rather a general orientation which takes account of the new situation introduced by the euro, including price stability. In this respect the ETUC considers that the development of European economic governance should lead to a greater understanding and support for coordinated trade union strategies aimed at sustainable wage developments.

4. The analysis in this year’s report shows that although wages are still consistently below the Guideline (except for 2001 due to a sharp drop in productivity) they are much closer to it than in previous years: between 3 and 4% against 2-3% at the end of the 1990s. Although this may be explained in part also by changes in taxes and social security contributions etc., this means that there is a return to pay increases which stabilise wages as a proportion of GDP. This improves our ability to

negotiate future trade-offs, for example in relation to employment, which will probably continue to be a major concern given the uncertain outlook for 2003 and 2004.

5. In this respect the Guideline underlines that the maintenance, and reinforcement of, collective frameworks for determining wages are important not just for workers and unions, but also for the European strategy as set out in Lisbon regarding economic and social convergence. Evidence from the ETUC’s monitoring exercise shows that trade unions have been responsible in their wage practices, as is illustrated by developments in *negotiated*, as opposed to *observed*, wages. Although in most countries the difference between observed and negotiated wages is slight, this gap appears to be widening. Further investigation is needed to identify more precisely the reasons for this gap (caused by, among other things, decentralisation of collective bargaining and the growing individualisation of wages and/or wage elements) and, above all to support union strategies to narrow this gap.

6. From an evaluation of the last three year’s, we can see that progress on the *qualitative* aspects of the Guideline has been mixed. Few countries have been able to quantify these aspects, as asked for in the Guideline. Few countries, too, have developed strategies on low pay and equal pay as called for in last year’s Executive Committee Resolution. However, the Collective Bargaining Committee at its meeting on 24 October affirmed that the lack of progress in this area does not reflect a lack of interest. On the contrary, there is a desire to develop these aspects further. The ETUC secretariat will set up a working group to prepare next year’s questionnaire and to ensure that the more technical aspects of the Guideline can be dealt with outside the Collective Bargaining Committee meetings. This should allow more time to have in-depth discussions on questions linked to the quality of employment in the Collective Bargaining Committee itself. Making a better link, too, with the industry federations’ strategies on collective bargaining will be important, as many qualitative elements are dealt with at sectoral level.

7. No conclusions are drawn in the report on the candidate countries, although information on collective bargaining developments given by affiliates participating in the ETUC seminar held in Gdansk in April 2002 is included in the report. There is a need to step up research into the wages position in these countries. It would be useful to provide a coun-

try-by-country analysis and we would like the applicant countries to play a full part in future years. Enlargement poses long-term challenges to our strategy for coordinating collective bargaining. In particular, the continued weakness of industrial relations structures in these countries must be overcome in order that the applicant countries play a full part in the coordination strategy, especially in the event of early entry into the euro zone.

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# FUTURE OF THE UNION



# 9

## A CONSTITUTIONAL TREATY FOR A SOCIAL AND CITIZENS' EUROPE ETUC contribution to the European Convention

Executive committee, 9-10/10/2002

The European integration process, albeit its shortcomings, remains a major historical achievement of the European people and nations, to which the trade union movement has effectively contributed from its very beginning, with the conviction that it has helped to promote peace and democracy as well as economic development and social progress.

Today however, Europe is entering a new phase: the continent will soon be unified through EU enlargement; globalisation needs to be governed to the benefit of all; working people and citizens at large expect their needs and aspirations to be met more effectively.

To this end, the European Union's missions and goals must be reoriented and completed, its competencies redefined and its institutions reformed to gain stronger democratic legitimacy.

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### I. THE CHALLENGES FOR THE TREATY REFORM

ETUC shares the view that it is now time to make a fundamental overhaul of the treaties developed step by step at consecutive IGCs. To a certain extent, this is a question of codifying, streamlining and clarifying the existing treaty provisions. But as reflected in the Laeken Declaration, the range of issues on the agenda of the Future of Europe treaty reform process will be much broader and more ambitious. A 'constitutionalisation' of the EU treaties and hence the foundation of the EU cooperation, its missions and "finality," will be a key question.

ETUC endorses the need and the aim to agree now on an **‘EU Constitutional Treaty’**, (as a historical step towards a genuine ‘Constitution’), reflecting the development of the Union according to a federally balanced scheme, simultaneously practising subsidiarity, complementarity, solidarity and social cohesion, and one which clearly defines the aims, jurisdiction, missions and competencies of the Union.

A key issue for the European Convention to address in preparing the 2004 IGC treaty reform will be the very vital challenge of bringing the Union closer to its workers and citizens. There is a clear need to increase popular backing of the European integration project. The inclusion of the EU Charter of Fundamental Rights in the ‘EU Constitutional Treaty’ will be pivotal in this respect. It needs to become a visible reality that **“Europe makes a difference”** in taking care of the citizens’ and workers’ interests in an era of globalisation. As the recent international situation has clearly illustrated, it is essential and of great added value that the EU, together with its Member States, is able to play its global role and address the common global challenges efficiently. Obviously, the question of **“more Europe”** will therefore be central in the treaty reform. The EU integration project goes beyond a single market and a single currency; the aim must be to achieve a proper political and social Union.

This development naturally makes it all the more important to **overcome the transparency and democratic deficits** (including at national level) through the treaty reform. The **missions of the Union** have developed considerably since the start half a century ago, and it will be crucial to reform the democratic legitimacy of the Union’s institutions and decision-making procedures to make them adequate and up to date for current and future tasks.

A key question in this respect will be the reinforced role to be played by the social partners and to allow for a European system of industrial relations in the ‘EU Constitutional Treaty’. It will also be indispensable for the Union to reform its decision-making procedures, in order to be efficient. The need already exists with a Union of 15 Member States and proportionally, the problems would be accentuated with enlargement.

Following several treaty changes within a relatively short period of time, it should be a clear objective for the 2004 treaty reform to fulfil the criteria involved in preparing for the future:- having a treaty structure which ensures a dynamic EU, able to adapt – without necessarily first convening an IGC – to meet the continuously evolving demands to fulfil the Union’s

role of maintaining peace, stability, democracy, economic development, cultural diversity and welfare in Europe and at global level.

It would therefore be no exaggeration to say that the European Union, with the treaty reform process initiated, is at a decisive crossroads, and that the **European Convention** has been given a heavy responsibility to deliver a constructive answer to this common challenge, and thus pave the way for a successful outcome of the Future of Europe 2004 IGC reform process.

ETUC is convinced that the constructive way forward towards this goal is to follow a **‘policy driven approach’**, first focusing on the common missions and challenges and then looking for the institutional solutions to make the implementation of these concrete aims possible, based upon general criteria rather than focusing on an abstract constitutional discussion on architecture or subsidiarity.

From the outset, ETUC has recommended that a constitutionalisation of the EU treaties be the fruit of a **‘Constitutional Pact’** which reflects the whole of European society and citizens. The mandating of a European Convention fulfils one of the pre-conditions to making this possible, and the inclusion of the European social partners as observers to the European Convention clearly improves the possibilities for obtaining such a Constitutional Pact. The full involvement of the candidate countries in the work of the European Convention is also to be welcomed, and ETUC recommends sticking to a timetable which makes it possible to conclude the 2004 IGC in time for the EP elections and entrance of new Member States into the Union.

Although the differing aspirations for the finality of the Union (and the factors behind the uncontested problems on agreeing on ambitious reforms, during the Nice IGC process itself,) should not be overlooked in the “Future of Europe” reform process, ETUC stresses all the more the **positive point of departure to find common European answers**: - that the Member States, albeit different cultures, do share common European values as expressed in the EU Charter of Fundamental Rights, - that there is basic mutual support for sustainability and the European social model, including the role of social partners and services of general interest, - and that the Member States generally also share common criteria as regards efficient and democratic institutions and decision-making procedures. The “practical” challenge and task for the work of the European Convention will be to find bridging solutions and build on the European integration already achieved, taking into consideration the different constitutional traditions and political struc-

tures of the Member States. The political adoption of the EU Charter, despite its deficiencies, constitutes a milestone in the European constitutionalisation process.

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## II. EU MISSIONS AND TRADE UNION KEY POLICY PRIORITY ISSUES

For ETUC, the **overall objective** should be to achieve a European Union built upon peace, freedom, democracy, fundamental rights, solidarity, social justice and equality, full employment and quality jobs, social and territorial cohesion, welfare and prosperity, and founded upon the principles of the European social model, services of general interest and a social market economy. Social dialogue and the autonomous role of social partners, including their role as co-regulators also at European level and the development of a European system of industrial relations, must consequently constitute a fundamental pillar of the European Union. The single market and the single currency are key elements of European integration, but it cannot be confined to these tools; European integration should include a social union and European economic governance and evolve towards a political union based on democratic and effective institutions and the full recognition of civil and social rights. The Union will also have a clear mission as regards the external and global dimension.

To achieve these objectives, there will be a need for ‘more Europe’. The objective should not be to reduce but to clarify, adapt and extend the EU competencies according to the new missions and common challenges.

### A UNION GUARANTEEING THE RESPECT OF COMMON FUNDAMENTAL RIGHTS

The EU Charter constitutes a milestone in the European constitutionalisation process. Being in principle a politically agreed codification of the rights and values common for its Member States, to be respected by the EU, it will be crucial to make visible for the workers and citizens that the Member States, albeit their different cultures, do

share common European values as expressed in the Charter, reflecting the indivisibility of the political, civil, social and trade union rights.

ETUC strongly recommends that the Charter, despite its remaining deficiencies, be incorporated as a cornerstone in the EU Constitutional treaty in a legally binding manner, (i.e. either directly as a building block in the treaty or as a Protocol annexed to the treaty) and that a political monitoring procedure be provided for through a treaty reference, also with a view to its further dynamic evolution.

Such a monitoring procedure will be all the more important in view of the apparent lack of possibilities, so shortly after the compromise reached by the Charter Convention, to improve it in the present treaty reform process. ETUC however, insists as a principal pre-condition for its support of the Charter, that the treaty’s shortcomings as regards transnational trade union rights are remedied, as proposed by ETUC, through an explicit inclusion in the Constitutional treaty of the respect for transnational trade union rights and autonomy of the social partners at European and cross-border level.

As the EU Charter does not imply any changes for the Member States as regards protection of fundamental rights because it states explicitly that it is addressed to the EU and its institutions “with due regard for the principle of subsidiarity” and only to the Member States to the extent that they implement EU law, ETUC further proposes that the Constitutional treaty include an obligation for Member States to adhere to and respect the equivalent rights in the European and international instruments upon which the EU Charter is based.

ETUC also recommends that the EU accede to the European Human Rights Convention.

### A UNION WITH A ‘EUROPEAN SYSTEM OF INDUSTRIAL RELATIONS’

A top priority for ETUC is to ensure that the Constitutional treaty and the EU policy treaty recognise the (transnational) trade union rights and strengthen the autonomy and the role, also as co-regulators, of social partners at all levels. It will be highly significant that the European level, as is the case at national level in the Member States, also

respects such a principle of 'horizontal subsidiarity'. The **principal objective** is to have anchored in the reformed treaties:

- the framework conditions allowing for a European system of industrial relations by guaranteeing in particular **the respect of transnational trade union rights** (i.e. to information and consultation within the undertaking, the freedom of assembly and association and collective bargaining and action) in a way which fully respects the national systems of collective bargaining and action, and the **autonomy of the social partners**, as well as
- anchoring the role and rights of the European social partners as co-regulators and their involvement in the EU related decision-making procedures in general as regards consultation and concertation, in all issues concerning their direct interest and responsibilities, and so **applying the principle of 'horizontal subsidiarity'**. The reconfirmation of the existing Social Policy Chapter provisions (TEC articles 138-139) concerning the role of European social partners, constitutes a key objective.

Consequently, it must be ensured that the treaty provisions, especially (Nice) TEC article 137, paragraph 5, do not pose an obstacle to guaranteeing the respect of fundamental trade union rights. Unless it can be proven that it is compatible in this respect, ETUC underscores the necessity to amend the present (Nice) TEC article 137, paragraph 5, deleting the reference to the 'right of association' and the 'right to strike'.

With a view to strengthening the social dialogue operations, the Treaty should provide for the establishment of a '**permanent European social partner infrastructure**' aimed at securing and developing the institutionalised consultation, social dialogue and negotiation with the recognised European social partners at inter-professional and sector level on EU treaty-related issues, in an efficient way.

The question of relevant treaty provisions is similarly to be clarified as regards 'social concertation' in relation to social summits and Council committees, as well as in relation to external relations activities (ILO, WTO, international financial institutions, UN) and bilateral trade and other agreements.

One perspective integrated in the ETUC proposal is that the European social partners, within their competencies, should supplement the proposed reform of the treaties with a social partner agreement setting

out the framework for autonomous negotiations at European and cross-border level, including the related questions of arbitration, mediation and conciliation.

ETUC likewise proposes to reform the ECJ with the aim of giving the social partners:

- the status of "privileged applicants", also including the right to submit cases to the ECJ concerning EU institutions which have failed to fulfil, or infringe a Treaty obligation and
- the right to be consulted and to submit written observations in cases brought before the ECJ concerning community law implementing EU social dialogue framework agreements.

Furthermore, concerning cases relating to the implementation and interpretation of the *social acquis communautaire* or cases affecting workers and trade union rights, consideration should be given to having such cases dealt with by a separate labour and social court section, whose composition would include assisting experts appointed by the social partners.

The ETUC treaty reform proposals should be seen as a contribution, in the further development of the European social partner joint Laeken declaration and in the context of the European Convention, to review and streamline the historical, step by step development, with the objective of establishing an (also cost-) efficient and coherent EU framework for the reinforced role and responsibilities of the social partners. The latter should incorporate the existing practices and be adequate and flexible for future dynamic development towards a European system of industrial relations.

It is ETUC's intention to seek to have these proposals discussed and further developed with the other European social partners in the context of the European Convention reform debate, especially as regards a concrete proposal for the provision of a 'permanent European social partner infrastructure', but also in relation to the question of a supplementary agreement setting out a framework for autonomous negotiations at European level, including the related questions of arbitration, mediation and conciliation.



## A SOCIAL UNION WITH EUROPEAN ECONOMIC GOVERNANCE

One of ETUC's key priorities is for 'European economic governance' to be included as a core EU mission in the Constitutional treaty, based upon the principles of a social market economy, and for the framework for European economic governance as a common task to be consequently established in the EU Policy treaty, with a view to making it possible to pursue the objectives of a social market economy.

The societal perspective for the European integration project has at least changed since the Maastricht and Amsterdam treaty reforms. Although not completed, the Union treaty as such and its objectives (TEU article 2), the Community principles and activities (TEC articles 2 & 3), the introduction of the euro, the recognised role of the European social partners, the new social policy competencies, the concept of the European social model, the European Employment Strategy, the economic policy cooperation and the Lisbon economic and social sustainability strategy, are all clear landmarks showing that the ambitions for the European integration project go beyond a single market, and also that of a monetary union. The aim today is to establish an economic, social and political union where the economic, employment and social policy objectives are promoted directly as targeted objectives for EU coordination, and building upon the European social model and its values. This agreed societal perspective and aim for the EU integration should be explicitly expressed in the treaties.

Accordingly, the ETUC is making 7 proposals:

### 1. SOCIAL MARKET ECONOMY

The basic treaty reference (TEC articles 4, 98 and 105) should be the principles of the 'social market economy', instead of 'an open market economy with free competition,' which is no longer adequate.

### 2. FULL EMPLOYMENT

It should likewise be clearly stated that the Union objective (TEU article 2) and Community task (TEC article 2) is to promote 'full employment' (and not the unaccountable target of 'a high level of employment') and the same as regards 'social inclusion'.

## 3. 'EUROPEAN ECONOMIC GOVERNANCE'

The objective of 'European economic governance' should be included as a core EU mission in the Constitutional treaty (TEU article 2, TEC articles 2 & 3) and, consequently, the framework for a European economic governance should be established as a common task in the EU Policy treaty, with a view to making it possible to pursue the objectives of a social market economy (e.g. TEC articles 3 & 4). The aim should be to establish a framework in which all Member States participate and in which the social partners have an institutionalised role. Taking all these factors into consideration, the objective of a framework of European economic governance should be to deepen and improve the coordination of the (macro-economic) policy mix rather than seeking to adopt a single or common economic policy.

A 'Euro-area Ecofin' should be established to exercise treaty provisions relating to the economic governance of the euro-area.

## 4. INSTITUTIONALISING THE PROCEDURES OF THE 'EU ECONOMIC AND SOCIAL SUSTAINABILITY STRATEGY'

The procedures governing the EU's economic, social, and environmental strategy – ie the EU's core strategy initiated at the Lisbon and Stockholm European Councils – should be set out in the EU Policy treaty. Broadly speaking, ETUC can accept the proposals made by the Commission in its August 2002 Communication on streamlining procedures. Thus:

- The annual Spring European Council should lay down the Union's general political orientations on economic, social, and sustainability issues.
- Prior to the Spring European Council, the Commission would present both:
  - an 'Implementation package' in two halves dealing respectively with the implementation of the Broad Economic Policy Guidelines and the Employment Guidelines, and
  - its 'Synthesis report' making proposals for the Council's conclusions.
- After the European Council, the Commission would present a 'Guidelines package', again in two halves – dealing with the BEPG and the Employment Guidelines – which would be considered respectively by the Ecofin and Employment Councils, before going for endorsement to the Summer European Council, and then to the relevant Councils for adoption.



■ The EP, national parliaments and the European Social Partners must be able to play full roles throughout these procedures. A Social Partners' Tripartite Social Summit for Growth and Employment<sup>1</sup> should be established in relation to the Spring European Council. Especially in view of the important role of the 'open method of coordination', the Member State governments should be obliged to ensure the consultation and assent of the national parliaments in accordance with their national constitutional practice.

## 5. BROAD ECONOMIC POLICY GUIDELINES

■ Both the economic and the employment guidelines should be consistent with each other. Consequently, 'employment mainstreaming' should be part of the BEPG provisions. It is therefore proposed to amend the present TEC article 99, para 2, 1st part, by adding that: "These [BEPG] guidelines shall be consistent with the Employment guidelines adopted pursuant to Article 128".

■ In the spirit of making existing procedures more streamlined and effective, the BEPG and the excessive deficits procedure (on which the Stability and Growth Pact is based) should be merged and TEC articles 98 - 104 consolidated. It should be made clear that the purpose of the BEPG, and of operational pacts to put these articles into effect, should be to promote growth as well as stability.

■ More specifically, the provisions of TEC article 104 should be clarified to ensure that the objective of budgetary balance is assessed on a cyclically adjusted basis; that investment expenditure does not account towards a deficit (ie the 'golden rule'); and that Member States with low debt should have greater flexibility on deficit levels.

■ As proposed by the Commission, Member States should inform the Union and each other about policy changes before they are introduced, and a common set of rules should be established for the conduct of economic policies.

■ The reform of procedures should likewise ensure, as proposed by the Commission, that: "The instruments of economic policy coordination, particularly the major guidelines and the opinions on the stability and convergence programmes, should be drafted on the basis of proposals from the Commission rather than mere recommendations from which the Council may depart by qualified majority".

## 6. TAXATION

Given the obvious role taxation plays in securing the resource base of the Member States, it will be crucial to counter negative tax competition, which reduces the means available to Member States to pursue active policies. It is therefore proposed to change the decision-making rule for internal market-related taxes, from unanimity to qualified majority voting by co-decision between the Council and the EP, by introducing a new article TEC art. 93, para 2 in the treaty: "The Council shall, by qualified majority voting and in co-decision with the EP, adopt provisions for the harmonisation of legislation concerning minimum corporate, capital and environment taxation."

## 7. THE EUROPEAN CENTRAL BANK

It should be made clearer in the treaty that the ECB has a responsibility to support growth, investment and employment and not only stability, and thus, to support the treaty objective of 'full employment;' the inflation target should be set in this perspective.

To enhance transparency and thus promote accountability, the ECB should publish the minutes of its Governing Council meetings (which determine the level of interest rates). The treaty should provide for the establishment of an advisory committee to the ECB, composed of all relevant actors including the European social partners.

## A UNION RESPECTING AND PROMOTING 'SERVICES OF GENERAL INTEREST'

A key objective for ETUC is to provide for a re-balancing of the SGI missions with the Internal Market objectives and the competition rules in the reform of the EU treaties, and so underpin the social dimension of the Internal Market. Another objective is to enable an active promotion of SGI at the EU level, while fully respecting subsidiarity.

It is undisputed that 'Services of General Interest' (SGI) constitute a cornerstone of the European social model. The crucial role of efficient and high-quality SGI in achieving the objectives and targets of the 'Lisbon economic and social sustainability strategy', including the social and territorial cohesion objective, is likewise acknowledged. The same goes for a successful enlargement.

This perspective, however, is not sufficiently reflected in the treaties, and the present TEC article 16 provision on services of general economic interest does not re-balance the situation. It will therefore be important to reform the treaties to make them adequate, for example in terms of EU missions.

As there exists widespread political concern in terms of a possible unwanted transfer of Member States' competencies to the EU level, a key element of the treaty reform should therefore be to achieve greater legal clarity and improved clarity as regards the scope and reach of the competition rules in order to ensure public authorities the necessary room for manoeuvre in developing, modernising and organising efficiently their SGIs.

At this stage, the ETUC treaty proposal primarily addresses the constitutional issues. In view of the Convention discussions on a proposed Constitutional treaty, ETUC will come back to the SGI issues related to the EU policy treaty, taking account of its proposal for the Nice IGC based on the SGI Charter established jointly by ETUC and the European Centre of Enterprises with Public Participation (CEEP).

In addition to the right in the EU Fundamental Rights Charter art. 36 on access to Services of General Economic Interest, ETUC thus proposes, :

1. that the principles of SGI are anchored in the Constitutional treaty provisions and so included in the 'common objectives' (TEU article 2):

*"to secure and promote, within its competence and in its activities, services of general interest of high quality and based upon the principles of universality, equal access, neutrality of ownership, fair pricing, the quality of work, quality employment, safety and social justice. The Union shall ensure in particular that the aims referred to in this Article are also respected in all its external activities."*

and as a task for 'common activities' (TEC article 3.1): *"measures to secure and promote services of general interest"*;

2. that TEC Article 16 should read as follows:

■ *Given the place occupied by services of general interest in the shared values of the Union, as well as their role in promoting social and territorial cohesion, the Community and the Member States, each within their respective powers and within the scope of application of this Treaty, shall take care that such services operate on the basis of principles and conditions which enable them to fulfil their missions.*

■ *National, regional and local authorities of the Member States must remain free, in accordance with national legislation and practice, to determine the way in which they wish to deliver a service of general interest.*

■ *Without prejudice to the exercise of any official authority and non-profit oriented activity, the (EU) competition rules shall apply to the organisation and delivery of services of general interest only to the extent determined sector by sector by the Council and the EP (QMV & co-decision) and taking due account of the principles and objectives of the services of general interest. Concerning state aid, special or exclusive rights granted in connection with the organisation of services of general interest should not be considered as competition-distorting practices, where the amounts awarded to achieve the defined objective are proportionate."*

## THE UNION AS A GLOBAL ACTOR

The Union's external role concerns a key future mission for the EU cooperation and it will be a focus area for "more Europe", including in terms of extended competencies. As the recent international situation has clearly illustrated, it is essential and of great added value that together with the Member States, the EU is able to play its role and to address the common global challenges efficiently.

It is important for all Europeans that the Member States can fulfil a role as a global player through cooperation in the European Union, also in the area of foreign and security policy in respect of maintaining peace and stability, and contribute to social justice, democracy and the respect for human and trade union rights. The Union will also have a clear mission as regards the external and global dimension in the field of asylum and immigration, development and aid, promotion of democracy and fundamental rights, economic and social sustainable global development and the requirement to manage globalisation in general. There is a clear need for the Union to be able to play a more active role as a global actor in the future.

To be consistent, it will be important that the EU enhances its competencies in the field of **asylum and immigration policy** by including this mission on the 'community' track. ETUC is convinced that a common Euro-

pean immigration policy with clear rules is also the best remedy against racism and discrimination. Further to this, EU's possibilities to act efficiently in preventing and combating racism and xenophobia should also be strengthened through the application of the principle of qualified majority voting in this area.

External representation in the international trade, economic and financial fora and institutions is one of EU's core missions, not least seen from the point of view of the majority of smaller Member States. An optimal organisation and allocation of EU competencies plays a key role for EU's possibility to meet the public demand to "manage globalisation". It will therefore be important to review and reform the treaty provisions for the external representation of the EU guided by the principle of: 'with one voice and with one mouth'.

The future EU policy treaty should also include a provision requiring the EU to defend and promote the community principles, as defined in the ETUC proposal for Services of General Interest in its foreign economic and trade relations, and in particular within the WTO, the WB and the IMF.

Whereas the basic principles and objectives for the Union's policies in these areas should be retained, a reform will be necessary, especially with extended competencies, in terms of transparency, democratic legitimacy and accountability.

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### III. TREATY STRUCTURE AND INSTITUTIONAL FRAMEWORK

As stated, ETUC shares the view that it is now time to make a fundamental overhaul of the treaties developed step by step at consecutive IGCs. This is a question of a) codifying, streamlining and clarifying existing treaty provisions, b) enabling the Union to meet its current challenges and fulfil its function efficiently according to its missions (existing and new), c) reforming the institutional architecture and d) abolishing the present three-pillar structure of the treaty. A 'constitutionalisation' of the EU treaties will be a key question.

ETUC endorses the need and the aim to agree now on a **two-treaty structure** for the EU cooperation in 1) an 'EU Constitutional Treaty', (as a

historical step towards a genuine 'Constitution') entailing the constitution principles, and 2) an operational 'EU policy Treaty' with the provisions for the respective concrete policy areas within the Unions competencies.

The ETUC position in favour of "a federally balanced structure, simultaneously practising subsidiarity, complementarity and solidarity, and which clearly defines the aims, jurisdiction, missions and competencies of the Union", reflects the pertinence and necessity of, for obvious reasons at the present stage of development of the EU integration, applying a flexible and open-minded operational approach based on a set of general principles when choosing the structures adequate to meet the challenges and missions to be solved at the EU level in the most efficient way.

When reforming the treaty, **gender mainstreaming** should be implemented, both as regards the formulation and content of the treaty and its provisions. It has to be ensured that the general objective of **equality** is applied to the labour market and beyond, in all policy areas. ETUC will actively monitor and take appropriate initiatives in this respect.

#### 1. THE CONSTITUTIONAL TREATY:

ETUC's aim is to obtain a "Constitutional Treaty for a Citizens' Europe", including the following elements:

- the Union's founding principles, fundamental rights and values;
- the Union's missions and competencies, political objectives and common tasks and activities. What to include in the Constitutional the Policy treaty respectively should be carefully clarified. Furthermore, as a general rule, quantitative targets should be referred to secondary legislation;
- Instruments and decision making procedures;
- Institutions, including the role of national (and regional) parliaments as well as the social partners.

#### 2. GUIDING PRINCIPLES FOR THE REVIEW AND REFORM OF THE INSTITUTIONAL ARCHITECTURE:

From a European point of view, ETUC underscores the need for the Union to have more transparent, democratic and efficient decision-making procedures and institutions, especially in view of the reality of having a Union almost doubled in size, both in terms of the number of Member States and

the traditional strong national interests concerning the numbers of representatives and members of the different EU Institutions.

Seen from a trade union point of view - and more concretely, against the background of key trade union policy priorities - the following guiding principles for a review and reform of the institutional architecture and proposals should be taken into consideration:

## COMPETENCIES

In addition to the principle of “a Union built on law”, the criteria for **democratic legitimate political and executive decisions** should also be met. This includes as an indispensable prerequisite, having fundamental rights enshrined in the constitutional treaty, with the current and new missions of the Union. It also obviously assumes clearly stipulated competencies, clarified concretely for the respective policy areas and missions, since without clear competencies there will be no clear responsibilities. The principle that any political or executive competence should be founded on the criteria of being democratically accountable (which implies questions on the decision-making procedure, functioning on the basis of an elected mandate and the application of the parliamentary principle) should also be respected.

Apart from the traditional four **categories of competencies** (exclusive community, exclusive national, shared and complementary competencies), it should be taken into account that the ‘open method of coordination’ implies a fifth category: ‘combined competencies’ (i.e. the addition of national and Union competencies).

The great attention paid so far to the clarification of these specific categories of competencies and the application and respect for the **principle of ‘subsidiarity’**, reflects first of all the clear deficiencies of the Union in respect of democratically accountable procedures. Competencies, of course, need to be formulated in a clear manner but as has been clearly pronounced in the Convention debate, there is a need at the same time to avoid too rigid definitions and to ensure flexibility vis-a-vis future demands. The open method of coordination obviously also contributes to the “confusion”. Therefore, apart from securing more appropriate judicial and political control mechanisms, the challenges will be to reform the treaty in order to secure the application of **democratic, legitimate decision-making procedures**, including for the open method of coordination, and to give the Union a

legal personality. If this acknowledged major reform were implemented, the great concerns and attention expressed in the debate around ‘subsidiarity’ would be remedied.

Safeguarding the social dimension of the Internal Market is a key trade union concern. ETUC will likewise monitor the reform process discussion carefully in order to ensure that the **present EU competencies in the social policy area** are kept without any reduction, both as regards being included in the Common provisions (TEU Article 2) and as a Community activity (TEC Articles 2 & 3) (of the Constitutional treaty) and concretely in the TEC ‘Social policy’ chapter.

## INSTRUMENTS AND DECISION-MAKING PROCEDURES

ETUC is of the general opinion that the instruments should be chosen according to the nature of the task and objective to be fulfilled, and the issues to be regulated. That is to say, it must be clarified whether it would be most appropriate to regulate by the “rule of law” or by “common policy objectives” – or for example by involving the European social partners (according to the principle of ‘horizontal subsidiarity’). As the Lisbon economic and social sustainability strategy illustrates, the optimal policy mix will often require a combination of the different instruments. However, it has nonetheless to be ensured that the ‘open method of coordination’ is reformed and strengthened i.e. making it more binding with a clearly defined procedure in the treaty.

ETUC proposes that the ‘Lisbon economic and social sustainability strategy’ and so the **‘open method of coordination’** is reformed and included as an instrument in the Constitutional treaty. For example, the Lisbon strategy illustrates that EU cooperation has changed from being a “foreign policy” issue for the Member States to a “home affairs” issue. The reform of this method therefore needs to redress the deficiencies as regards the incorporation of the national (and regional) parliaments within their competencies. This is partly a question of reforming the decision-making procedure, partly a question of strengthening, meaning making more committal and binding, the decisions taken within the open method of coordination, in order to secure accountability and credibility. This is a factor not to be neglected in relation to citizens’ understanding and backing of EU cooperation – and so to avoid “the chain jumping off”.

Efficient and democratic decision-making procedures imply making qualified majority voting the general principle for legislative and Single market-related issues, and applying the co-decision-making procedure, thus extending the role of the EP. This should be the general rule for social policy, the European Employment Strategy, environment policy decisions and for decisions on minimum levels for corporate, capital and environmental taxation, while reserving unanimity voting for constitutional and quasi constitutional issues, ie including amendments of the Treaty, definition of EU competencies and the inter-institutional balance or enlargement of the Union.

Improving the decision-making procedures whilst securing transparency will be essential; a decisive factor to achieve a Union closer to its citizens will be to involve them in the process. In general, the principle of transparency and public access to information and documentation must cover all EU institutions and exemptions must be specified and strictly defined.

## ENHANCED COOPERATION

In view of the future circumstances in an enlarged Union, ETUC does not rule out in general that the Treaty should give Member States the option of enhanced cooperation on specific and well-defined policy areas. Although the Schengen agreement and EMU are being mentioned as positive examples of enhanced cooperation, this should only be used as a last resort and only if basic principles and conditions are being respected. It would be detrimental for the future of the Union if it took place at the expense of progress regarding integration and cohesion, or it hampered the development of the Social Union in parallel with EMU. ETUC would oppose treaty amendments which put the institutional identity or legal order at risk; enhanced cooperation should not in any case include the Single Market, the European Employment Strategy or the Social policy chapter. ETUC is carefully stating this reservation to underline that mixing up an enhanced cooperation mechanism with the unacceptable but also utilised “opt-out” mechanism, from core policy areas such as social policy, should be avoided.

## INSTITUTIONS

The effectiveness and democratic legitimacy of all European Institutions need to be increased. The present **institutional ‘triangle’** of the Commission, Council and Parliament must be preserved. Taking into account the national interests in being represented, it will be even more important in the enlarged Union, with its possibly increased competencies and responsibilities, to secure the full independence and central role of the Commission.

The Commission should retain the right of initiative; qualified majority voting in the Council should be extended and the European Parliament should have co-decision powers across the board with a view to enhancing the function of the EP as an instrument of democratic control on EU policies and decisions, as well as its legislative power. ETUC therefore endorses the proposals to link qualified majority voting with the co-decision procedures (TEC article 251) as a general rule.

The principle of “with one voice – one mouth” is important to ensure consistency in external relations as regards international trade, economic and financial institutions, development and aid etc. Consequently, for these trade union related priority areas amongst others, the functions of the High Representative and of the External Relations Commissioner should be merged and placed within the Commission.

There should be a single Council of Ministers ‘formation’ in charge of all legislative issues.

The European Council should continue to determine strategic goals for the European Union, and the present six-month rotating Presidency should be reformed with a view to securing continuity and consistency of the Union’s policies

An essential factor in overcoming the democratic deficit will be to reform the working methods of the Council. When sitting in its legislative capacity, the Council must be fully transparent and open to scrutiny. This should also include the open method of coordination such as the Lisbon economic and social sustainability strategy. All institutions should be accountable. Giving the ‘Union’ a ‘legal personality’ will also be a pre-condition for accountability and responsibility.

As far as the role of the European Economic and Social Committee is concerned, ETUC supports their contribution to the Convention (October 2002).



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#### IV. Conclusions: A Constitutional pact process involving all sections of society

It should be acknowledged that the mandating of a European Convention which holds its meetings in public, with the European social partners as ‘observers’ and the organisation of a hearing of civil society, constitute qualitative, positive steps which open up the discussion process, compared to the Intergovernmental Conferences reforming the treaties. It should however be emphasised that formal access for the broader public to participate in a cyber-internet debate on the future of Europe, does not fulfil the need for a broad debate across Europe with the citizens. It is therefore crucial that all stakeholders, particularly at national level, engage themselves in a **public debate**, for example also within the education systems.

The European trade unions feel themselves obliged to contribute at all levels to such a broad debate, both within the trade unions and in relation to the citizens in general, not least in the candidate countries. At European level, the ETUC is participating actively in the ‘Civil society contact group’.

ETUC suggests underpinning the aim of having a broad public European debate (also in view of the proposals voiced as regards “referenda”), by utilising the occasion of the general European Parliament elections in 2004, at which all political families could make the treaty reform issue and their proposals a key election theme.

ETUC gives high priority to its participation as an observer in the European Convention and, as mentioned, ETUC’s intention (analogous to the Maastricht Treaty reform) is to seek to have its proposals concerning the role of the social partners discussed and further developed with the other European social partners, especially as regards a concrete proposal for the provisions of a European social partner infrastructure but also in relation to the question of a supplementary agreement setting out a framework for autonomous negotiations at European level, including the related questions of arbitration, mediation and conciliation.

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## THE FUTURE OF ECONOMIC AND SOCIAL COHESION POLICY IN THE EUROPEAN UNION AFTER ENLARGEMENT

*First ETUC contribution*

Executive Committee, 19-20/11/2002

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#### BACKGROUND

The strengthening of economic and social cohesion is one of the three objectives of the European Union, along with Economic and Monetary Union and the completion of the Single Market.

The ETUC believes that this commitment should be even stronger in an enlarged Europe, insofar as the principles of cohesion and solidarity are written into the Treaty and constitute two of the most important driving forces for the integration of peoples and territories.

The ETUC therefore considers that the EU Constitutional Treaty, which will emerge from the European Convention on the future of Europe, should also ensure the existence of a social and citizens’ Europe and should strengthen the economic, social and territorial cohesion policy, as stipulated in the ETUC contribution to the European Convention adopted by the ETUC Executive Committee.

The Second Report on economic and social cohesion presented by the Commission under Article 159 of the Treaty subscribes to the same approach, launching the debate on the format, tone and aims which such a policy should have in the European Union after enlargement, and giving an account of the current situation with regard to cohesion in Member States and the applicant countries.

The Commission's proposals with regard to the future policy for economic and social cohesion in an enlarged Union, including the financial

resources which should be allocated to it, will be presented in the Third Report in November 2003.

For the ETUC, the basic principles which should underpin future economic and social cohesion policy in an enlarged European Union should be social justice and fairness, the promotion of the European social model, real economic, social, territorial and inter-regional cohesion, supported by high-quality services of general interest, solidarity and equal rights for workers and citizens.

Community policies for economic and social cohesion form an essential component in achieving the Lisbon employment objectives and in implementing both the European Employment Strategy and the European Social Inclusion Strategy in which social partners play a highly important role. Since the launching of these strategies, there has been a development of Community structural policies. These policies do however need to be developed further so as to become a key mechanism for boosting the potential for economic growth in urban and rural areas with development shortfalls and in declining industrial regions, as well as for developing the skills and qualifications of individuals, thus increasing the potential for creating quality jobs and eradicating unemployment. The Cohesion Fund should be maintained in accordance with the current rules, because this instrument is essential for improving the environment as well as for developing trans-European transport networks, indispensable in present and future Member States.

The ETUC believes that the objectives set out at Lisbon and Stockholm - namely, an economy based on knowledge, competitiveness, innovation, investment in people, the fight against social exclusion, full employment and the search for sustainable economic growth - should be maintained and pursued systematically as part of the cohesion policy.

It is therefore essential to effectively ensure a greater coordination and complementarity of future cohesion policy with other Community policies, so that all the European Union's policies include the fundamental elements of economic and social cohesion, regeneration of employment, and social inclusion. In this respect and in the framework of the discussions on the Stability and Growth Pact, greater importance should be given to the quality and nature of public investments instead of aiming only at merely quantitative objectives. The structural impact of public investments and their long-term consequences must also be taken into account.

The evaluation of the implementation of cohesion policy presented in the Second Report demonstrates that, despite some progress in terms of results, particularly in the least prosperous areas, real convergence is still a long way off and in some countries regional disparities have even worsened.

Many problems remain to be overcome in the existing Member States, including the persistence of high unemployment, divergent income levels per inhabitant in different Member States, education and training standards which are still too low, and the slow progress towards real equal opportunities.

## MEETING THE CHALLENGES

For the ETUC, enlargement represents a unique historical opportunity to unite the peoples of Europe founded on fundamental democratic values. This will ensure peace and political stability in Europe, and will contribute to economic and social progress and an improvement in living and working conditions. Enlargement, as well as leading to the re-uniting of Europe, will also make it possible to enlarge the European labour and internal markets with a rise in total production volumes and increased consumption in the applicant countries, and through developing new competitive products and services in the world market.

All this amounts to an unprecedented challenge in political, social and economic terms from which the whole European Union will benefit. Nevertheless, unlike previous rounds of enlargement, it must be acknowledged that this one will widen the gaps and contrasts.

The European Union's economic and social cohesion policies are of crucial importance in this process, both for the less-favoured regions within the EU15 and for future Member States, in preserving the European social model and contributing to harmonious and sustainable economic, social and territorial growth throughout the EU.

The main challenge facing us is the framing of a cohesion policy and eligibility criteria that meet the particular needs of the less-favoured regions in the future Member States whilst continuing to take into account the continuing need for economic growth in the less-favoured regions of the existing EU15.

It should also be noted that enlargement will entail new imbalances between central, peripheral and outermost areas. Furthermore, in terms of regional competitiveness, given that some regions in the applicant countries are still very dependent on agriculture and traditional industries, there will have to be restructuring in these sectors after accession, with serious consequences for growth and jobs which will hit women in particular.

The evidence suggests that the key word in meeting the challenge of enlargement is solidarity: political, economic and financial solidarity to support new Member States and existing regions with development shortfalls. This will require courageous political choices regarding the budget, and better coordination of Community policies, avoiding the detrimental impact of policies such as the Common Agricultural Policy and competition policy.

As well as enlargement, there are other major challenges facing the EU today, which also call for joint coordinated answers.

These challenges, which have been identified by recent European Councils, include the rapid globalisation of economies and markets, with all its consequences for the EU; active labour market policies, aiming at creating more and better jobs, and incorporating the promotion of equal opportunities and reconciling work and family life, integrating young people in active life, as well as the role and responsibilities of the social partners; the promotion of sustainable development and environmental protection; the creation of a knowledge-based economy, covering the development of human capital as well as innovation, research and development, and access to ICT for all to avoid a two-speed society; demographic ageing in the EU, and its economic, social and societal impact; the development of infrastructures, including social infrastructures.

Future cohesion policy must meet these challenges, and, in doing so, reduce disparities between regions and promote a society of full employment, equal opportunities, inclusion and social cohesion.

## **COORDINATION WITH OTHER COMMUNITY POLICIES AND NATIONAL POLICIES**

The European Council in Lisbon laid the foundations for restoring full employment based on a more efficient economy, innovation, knowledge and social cohesion.

To achieve this aim, it is vital to create new jobs and maintain sustainable growth. But this is not enough. All European and national policies should pursue the aim of inclusion, both at work and in society in general. Furthermore, all the players concerned at every level must act to ensure that employment policies, policies for education and vocational training, social protection systems, and health and housing policies all play a part in building a society based on knowledge, inclusion and equal opportunities.

It is clear that all Community policies should act in synergy with economic and social cohesion policies, and should reflect their aims. We know that at present there are tensions associated with some policies, which should be avoided in the future.

One of the ways to achieve this would be to treat European regional policy as a horizontal policy. In this way all EU policies would be obliged to take account of their regional dimension and their impact on the regions.

The strategy for sustainable development whose key element is the social dimension should ensure the eradication of poverty, environmental protection and respect for fundamental human and social rights. The implementation of this strategy also requires both the adoption of new Community policies and the modification of existing ones, for instance in the field of transport and agriculture.

The reform of the Common Agricultural Policy should ensure greater convergence and coordination with cohesion policy and include a societal dimension. This implies evaluating the impact of the CAP on employment, the environment, local development, the quality of products and food safety, as well as the necessary reorientation of the CAP.

Transport policy needs to be reorientated and in addition competition policy -including state aid to the regions - and taxation policy should also be coordinated with cohesion policy.

More generally, the different Community policies should be consistent with each other. They should all provide responses in terms of competitiveness, environmental standards, and levels of productivity which benefit the EU as a whole.

For the ETUC, it is clear that this consistency also requires better coordination between the different Directorates General within the Commission itself.



At national level, Member States should also integrate the aims of economic and social cohesion into their national and regional policies. The implementation of these policies should be carried out in close coordination with European aims and policies, in order to avoid a certain tendency towards the re-nationalisation of economic and social cohesion policies, whilst also making clearly evident the added value of Community measures.

It is essential for national and regional policies to strengthen each other. The national level must take into account the regional impact of its policies and avoid “sabotaging” regional economic and social convergence.

The ETUC is in favour of a more proactive and innovative approach to economic and social cohesion policies. This approach calls for policies which would not only contribute to resolving existing problems but would also prevent future problems and stimulate opportunities for regional development. In this respect, links should be strengthened between investments made under the EU's structural policies and those of the European Investment Bank.

## FINANCING

Between 1989 and 1999, the financial contribution has risen from 0.27% to 0.45% of the GDP of the European Union. This level of investment of the Union's budgetary resources is relatively modest compared with the beneficial results, particularly as regards the levels of improvement in the situation in the least favoured regions and the beginnings of real convergence.

The ETUC believes that, to continue down the road to success, existing efforts should be intensified in order to stimulate growth, jobs, competitiveness and sustainable development in the less-developed regions, the impact of which on the European Union as a whole is very significant. To do otherwise would run counter to the goals of the EU Treaty, by failing to contribute to arresting the increase of disparities in an enlarged Union.

The ETUC supports the Commission's assertion that “0.45% of the Union's GDP is a threshold, and that to fall beneath it would call into question the credibility of future cohesion policy”. The ETUC also considers that a general increase of the EU budget is essential and that, in addition to the need to increase the level of investment, the quality of investments, their actual impact and their sustainability should also be closely monitored.

## FUTURE PRIORITIES

### LESS-DEVELOPED REGIONS

The ETUC considers that the less-developed regions in the enlarged Union, which are lagging behind the Community average and which need investment in human and physical capital, in infrastructures of varying kinds, in research and development and in job creation, should continue to take priority.

This applies not only to regions with a development shortfall in the future Member States, but also to the existing Objective 1 regions, including the outermost areas, and the lowly populated peripheral areas which run the risk of becoming deserted, areas which deserve particular attention on the part of the EU through the promotion of their attractiveness and their competitiveness. Given the structural dimension and permanent nature of the outermost areas, it is essential that Community policies are adapted to them and that criteria are defined which, instead of being merely statistical, correspond more to the reality of these areas.

It is unacceptable for the Union to cease to support development in these lagging regions of EU15 for purely statistical and mechanical reasons.

The ETUC is anxious to avoid a two-speed cohesion policy, although we recognise that some priorities may be different depending on whether we are dealing with the least favoured EU15 regions or regions in new Member States.

Although there has been progress in the development of physical infrastructure in the EU15, this is not the case in the future Member States. While avoiding the risk of splitting interventions, we need to find the right balance between investments in this type of infrastructure and that which supports people, creates quality jobs and improves the operation of the labour market, promotes education and vocational training with a view to lifelong learning and the prevention of unemployment, equal opportunities, establishing high-quality public services and real guarantees of territorial cohesion, research and development, and the information society.

It is also necessary to meet the need for social infrastructures, an essential aspect of promoting equal opportunities for women and men, the reconciliation between professional and family life, and increased quality of life for the population as a whole. This is necessary in all the countries, which will make up the EU in 2006.

The question of eligibility criteria for Objective 1 regions in EU15 remains open. At first sight, and to avoid a two-speed policy for existing and new Member States, the ETUC believes that the 75% threshold should be maintained and accompanied by mechanisms for “gradual withdrawal” in currently eligible regions. Another option might be to raise the 75% threshold, but the question would then arise of what the new threshold should be and what criteria should be adopted to establish it.

As regards other criteria for allocating funds, such as employment rates, peripheral location, demographics and structural lag, the ETUC would draw attention to the quality of harmonised Community statistics, which could still be greatly improved.

### ZONES UNDERGOING ECONOMIC AND SOCIAL RESTRUCTURING

The persistence of structural problems, unanticipated shocks, the problems of industrial restructuring or economic diversification and company mergers in several EU regions require the maintenance of special support for these zones in difficulties.

It is true that under existing planning, Objective 2 presents the most difficulties in implementation. It is very complex, insufficiently flexible, and the statistical data available are limited and sometimes not very reliable. We believe that a revision of the eligibility criteria is required.

Economic problems often have a very negative impact socially, entailing the need for support measures at several levels and affecting very specific target groups. The ETUC believes that we should look further into the Commission's proposal for developing an indirect method of defining eligible areas. However although it is true that Member States, in close collaboration with the regions, are the best placed to identify the areas needing most aid, it is important to remember that the structural funds represent a Community policy, the application of which is based on a number of common principles and aims, to prevent any drift towards the re-nationalisation of this policy. It is thus essential to ensure the articulation and optimal balance between the three levels: European, national and regional.

It is also necessary to ensure that Community resources granted for Objective 2 areas are utilised primarily for the realisation of innovative pilot initiatives aimed at territorial development, and in an appropriate manner for development actions of a transnational or interregional nature.

Concerning this second type of action, the use of European rather than national resources, as well as the Community added value, must be clearly justified.

Furthermore, this new approach should be based on full respect for the basic principles of the Structural Funds, including that of partnership, which should be strengthened with the social partners, additionality, which means that national involvement must also be significant in meeting real local social and economic needs, and concentration, which should aim for more targeted actions and the main concern of which is individuals and the development of instruments and conditions helping them to cope with changes and uncertainties in the operation and organisation of the labour market and society.

### IMPLEMENTING THE EUROPEAN EMPLOYMENT STRATEGY

The creation of large numbers of high-quality jobs, support for the adaptation and modernisation of systems of education and vocational training with a view to promoting lifelong learning and the creation of a knowledge society, the promotion of social inclusion, the fight against unemployment and equal opportunities represent the key conditions for the achievements of the Union's ambitions by 2010.

The ESF is the only structural fund which touches people directly - workers, the jobless, the excluded, young people and older workers.

The ESF is the primary instrument for supporting the implementation of the European Employment Strategy and should remain so. The EES should be integrated into national, regional and local labour market policies, as well as into to aims of the ESF. This involves the ESF contributing yet further in achieving the objectives for changing to a knowledge society and promoting lifelong learning set out at the European Council in Lisbon.

Europe needs massive investment in people, in human capital, which is without question the most important competitive asset in any society. This investment should anticipate the social changes arising from the knowledge society, and, at the same time, provide answers to the problems of job keeping and creation, developing workers' qualifications and skills, increasing productivity levels in European businesses, finding innovative and more effective ways of organising work, through real investment in the development of workers' skills, social inclusion and promoting equal opportunities.

This dual approach, combining prevention and cure, is essential, and should go hand in hand with active innovative strategies and policies at local, regional and national level including the networking of actors as well as strengthened partnerships.

### **TERRITORIAL DIMENSION AND THEMATIC DIMENSION**

The ETUC believes that these two dimensions are not in conflict but should, on the contrary, complement each other and develop the synergies between them.

Thus the diversification of economic activities in rural areas and the establishment of activities which respect the environment, reduce desertification problems and contribute to sustainable development in the Union as a whole, involve measures and investments to promote education and training, to analyse the potential of a region, to create new jobs reflecting new social needs, to promote research and development and to build new partnerships. However this is a thematic approach for measures taken in a very specific territory.

The same principle can be applied to the need to resolve problems of economic and social exclusion, poverty, social tensions leading to racism in many urban areas or the need to prevent the detrimental impact of industrial restructuring and company mergers on both the individuals and the territories concerned.

The ETUC is of the belief that without a multi-disciplinary approach and concerted action on several fronts, it is impossible to ensure maximum efficiency in terms of results, or to build a European Union – whose diversity represents one of its main wealths - capable of reconciling a balanced and sustainable model of economic, social, environmental development while maintaining individuals at its heart.

### **MAINTAINING THE FUNDAMENTAL PRINCIPLES OF EU STRUCTURAL POLICY**

The ETUC believes that concentration, programming, additionality and partnership, which form the fundamental principles of the Community's structural policy, should be maintained after 2006.

In this way, the role of economic and social cohesion policies will be strengthened as the primary instrument of economic and social governance and European solidarity, and this will contribute to the successful implementation of the strategy and aims adopted at the European Summit in Lisbon and amplified at subsequent summits.

The ETUC believes that solidarity, as expressed in the four fundamental principles, together with actions to monitor and evaluate the effectiveness and results of the measures taken, should be the mainstay of all the programmes and should be intensified in the future.

Concentration in actions with a high Community added value, programming meeting the real needs of territories, persons and businesses, real additionality based on strong public-private partnerships, respectful of the criteria of general interest and likely to contribute to economic growth and not inspired by substitution or exclusive dependence on European aid, the effective implementation of the subsidiarity principle in relations with the European Commission, Member States, regional and local authorities, as well as a real dynamic and strengthened partnership calling for the participation of the social partners in all phases of measures linked to the structural funds, are clearly the ingredients for a recipe ensuring success and sustainable development.

The ETUC considers that there should also be more simplification and rationalisation of procedures and programmes, without damaging the quality of the measures undertaken. This simplification ought to entail the increased commitment and participation of all the partners concerned, including at European level.

Conditionality in the granting of funds should be made stricter and more dependent on results, including results in terms of jobs, growth, promotion of equal opportunities and environmental protection.

It is clear that this would require the improvement of the techniques and statistics used to assess the effectiveness of measures. The ETUC also believes that this evaluation of effectiveness should be carried out continuously, in such a way as to stress the sustainability of the results, rather than a short-term perspective.

The ETUC is calling for all the projects financed by the structural funds to include gender objectives, and for the development of monitoring indicators to evaluate the actual impact on women. The same principle should be applied to objectives in environmental protection.

In addition, the exchange of good practices, an essential aspect of Community added value, should be encouraged and continued.

The ETUC believes that the basic principles for ensuring success and cohesiveness consist in setting joint and measurable objectives, and in granting funds on the basis of measurable results evaluated internally and externally.

### THE PARTNERSHIP PRINCIPLE

The ETUC remains convinced that the partnership principle is a fundamental principle in guaranteeing the successful operation of structural fund measures. High-quality partnerships should be pursued, involving the social partners in every phase of the funds' interventions.

As in the past, the ETUC is pressing for future structural fund rules to set out the partnership principle clearly, rather than leaving this to national rules and practices. It is also necessary to establish clear roles, tasks and methods of operation for the various monitoring committees, and to work towards developing more cooperation and synergy between these committees. To this end and on the basis of existing experiences, two ways forward are particularly interesting. The first one consists in establishing a "Charter of principles and rules" with a view to setting up and improving partnership between all national and regional programmes. The second one consists in establishing the structure of the partnership as well as the corresponding rules in the national legislation of administration and management of Structural Funds programmes.

The social partners should have the benefit of technical assistance in developing the skills of their representatives in the different bodies responsible for applying the structural funds. This is already a real and pressing need for existing EU Member States, and it will be all the more so for the social partners in future Member States. The measures undertaken to provide training for civil servants at all levels in these countries ought also to apply to the social partners.

Finally, the ETUC stresses that the European Social Fund is the only fund which relies on the active participation of the social partners in its European Committee. We believe that this participation represents significant added value. The moment has now come to extend this same participation to the other structural funds. Although we believe that the annual information meetings held by the European Commission and the economic and social partners are very important, other forums of debate should be opened up with Member States and the Commission.

## COMMUNITY INITIATIVES

Past experience shows that Community initiatives play a very important role in strengthening the European identity, in offering possibilities to experiment, or in developing the partnership. Apart from this we also consider that the transnational, innovative nature of these initiatives is also important.

The ETUC considers that Community initiatives must be better integrated into the other structural programmes and the usual programming instruments in the regions and territories through the support of projects, exchange of information, training of actors and social animation.

In addition, the different Community initiatives must also be better integrated between one another with a view, on the one hand, to promoting an original, innovative and high quality development strategy, and on the other, to avoiding the overlapping of measures, as well as to promoting the partnership principle.

The promotion of equal opportunities for all in a fast-changing labour market remains an ETUC priority for the future.

It is also necessary to strengthen cooperation and measures at the cross-border, transnational and inter-regional level.

The positive trade union experience of the activities carried out by the 41 Interregional Trade Union Councils (ITUCs), including actions in regions bordering the applicant countries, demonstrate that this is the path to follow.

The measures supported by EURES and Community initiatives should be continued in order to promote mobility and the development of cross-border and inter-regional labour markets, Territorial and Local Employment Pacts, as part of the European Employment Strategy.

The ETUC also considers that, in future, EURES should be funded by grants from the structural funds.

Account should also be taken of the fact that once enlargement has been achieved, the present external borders of the European Union will move, thus also moving structural problems to these new regions. The ETUC believes that particular attention should be paid to these regions, by strengthening specific measures of cross-border, trans-national and inter-regional cooperation provided for these regions in the framework of the Community initiative INTERREG.

## ENSURING CONTINUING TRADE UNION INVOLVEMENT

In recent years, trade union organisations have made considerable efforts to bring more attention to bear on the structural funds issue.

We should strengthen these efforts. The knowledge and command of the structural funds, a qualitative participation of trade union representatives in all the different stages, the knowledge and links to be established between the different European, national and regional policies, as well as between contractual and cohesion policies, require more information and training activities on the part of trade union organisations.

The ETUC urges that this commitment should continue in the future at every level, so that the enlarged Europe may strengthen its solidarity, economic and social cohesion, full employment and opportunities for every citizen.

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## MAKE EUROPE WORK FOR THE PEOPLE

*Campaign in support of the ETUC demands  
to the European Convention*

Executive Committee, 19-20/11/2002

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It is not the name of the EU that's important; what counts is that the EU can actually "make Europe work for the people". This will be the ultimate test of the "Constitutional Treaty" resulting from the work of the European Convention. The decisive factor in obtaining citizens' and workers' backing of the European integration project is for the EU to be able to make a real and visible difference in terms of more and better jobs, managing globalisation and giving a social dimension and human face to the EU internal market and the Euro.

We need a "more social Europe". The future of Europe should be founded upon a "Constitutional Treaty for a social and citizens Europe" which incorporates the key principles and characteristics of the "European Social Model". Meeting these aspirations will be the very vital challenge for the Convention, in order to bring the Union closer to its workers and citizens.

To this end, it will be crucial to reform the existing Treaty and to include in the new Constitutional Treaty, as proposed by the ETUC in its contribution to the Convention:

- the guarantee of the respect of common fundamental rights by incorporating the EU Charter of Fundamental Rights, as proposed by the Charter Convention, as a cornerstone of the constitution in a legally binding manner;
- the possibility for a European system of Industrial relations, respecting the transnational trade union rights and reinforcing the role of the social partners, including as co-regulators, in the EU procedures;
- making 'European Economic Governance' a mission for the Union where the economic, employment and social policy objectives are pro-

moted directly as targeted objectives for EU coordination, with a view to meeting the objectives of a social market economy;

- the safeguard and promotion of Services of General Interest;

To achieve these objectives, there will be a need for ‘more and better Europe’. The objective should not be to reduce, but to clarify, adapt and extend the EU competencies according to the new missions and common challenges.

In view of the far from reassuring priority and orientation of the debate so far in the European Convention, ETUC recalls the need to give high priority to these issues. Hearings and internet chats can easily risk becoming window dressing if the question of the incorporation of the European social model and social policy issues are not taken seriously and dealt with in terms of the constitutional treaty provisions. The ETUC welcomes the setting up of a Convention “Social Europe” working group to discuss concrete proposals building upon the European Social Model, such as those submitted by the ETUC.

As mentioned, the objective should not be to reduce, but to clarify, adapt and extend the EU competencies according to the new missions and common challenges. It should therefore likewise be recalled that both the constitutional and indeed also the policy provisions (concrete competencies, instruments, procedures etc.), have to be addressed fully by the Convention if the overall objectives of the Future of Europe reform, as set out in the Laeken summit declaration, are to be achieved.

The Union as an effective global actor and its external role concerns a key future mission for EU cooperation. As the recent international situation has clearly illustrated, it is essential and of great added value that the EU, together with its Member States, is able to play its global role and address the common global challenges efficiently. Obviously, the question of “more Europe” will therefore be central in the treaty reform, including in terms of extended competencies. It will be highly important for the EU to be able to speak with “one voice”.

The missions of the Union have developed considerably since the start, half a century ago, and the Union’s missions and goals will have to be reoriented and completed as a result of the actual reform. Today, Europe is

also entering a new phase: the continent will soon be unified through EU enlargement. These developments naturally make it all the more important to overcome the transparency and democratic deficits (including at national level) through the Treaty reform. It will be crucial to reform the Union’s institutions and decision-making procedures to make them more democratically legitimate, efficient and up-to-date.

The mandating of a European Convention is a positive step towards making possible the principle of a constitutional pact process involving all sections of society, and the ETUC gives high priority to its participation as an active observer in the European Convention. It is crucial that all stakeholders, particularly at national level, engage themselves in a public debate. The European trade unions will actively contribute at all levels to such a broad debate, both within their ranks and in relation to the citizens in general, not least in the candidate countries.

The ETUC and its affiliates will therefore intensify their campaigning at European and national level, including with the partners in the ‘Civil society contact group’, with the clear objective of pursuing the common goals.

The ETUC calls upon the members of the Convention to join forces to actively support the European citizens and workers in :

**GETTING A CONSTITUTIONAL TREATY THAT  
“MAKES EUROPE WORK FOR THE PEOPLE!”**



The expansion of the European Union is entering a decisive stage. The process of unifying the Continent by expanding the European Union, for which the way was paved by the democratic movement in Eastern and Central Europe and by the will to include also Mediterranean Countries, is unprecedented in Europe's history. For the first time, the opportunity is presenting itself for a European unification based on common democratic values against a background of peace and stability. Using this opportunity decisively is the challenge that Europe and its citizens have to take up. The dream of a united democratic Europe was, in the last century, the vision of people who, often at the risk of their lives, resisted power-political cynicism, dictatorship and contempt for mankind. The legacy of this European tradition is the moral foundation for the creation of European unity.

The European Trade Union Confederation has from the very beginning, pushed the process of European unification to the forefront of their policy. The early integration in ETUC of the trade unions of the new democracies of Eastern and Central Europe, their membership with equal rights and their active participation in the common formation of European trade union policy were essential contributions towards enabling what belongs together to grow together.

Political actors must honour their responsibility. It is legitimate to represent national interests. It would, however, be irresponsible and short-sighted if national egotisms were to stand in the way of European unification. This can succeed only if the people, their interests, concerns and expectations are effectively addressed and if Civil Society is actively involved. This applies, in particular, to trade unions and social partners whose role must be fully recognised.

The view held by the ETUC from the outset that enlargement would not be achieved without costs is being confirmed by reality. These finan-

cial efforts which must be taken care of not only by the Union and its Member States but also by the candidate countries represent an investment in a common future. The decisions taken recently by the European Council in Brussels represent the basis to finalise negotiations before the end of the year, although flexibility must be allowed to reach a satisfactory compromised solution.

The European social model – the welfare state based on solidarity, developed industrial relations and social dialogue – is a positive benchmark in the spectrum of globalisation. Defending this model and developing it – also by means of inevitable reforms – is extremely important both for Europe and for mastering globalisation. A strong European trade union movement, empowered to act, unitarian and pluralistic is crucial in view of the fact that effective representation of social interests is assuming an increasingly significant supranational, European dimension.

In some candidate countries, Governments are attempting to use the requirements of the accession process to justify regressive social policies, in particular through far-reaching privatisation measures under conditions imposed by the IMF and the World Bank. This also applies to workers' rights. Setbacks in industrial law cannot, under any circumstances, be justified by enlargement. Amendments to national labour law codes are wholly unacceptable when they are made without any social dialogue. Such a practice stands in opposition to European standards and regulations. The ETUC calls on the Commission to ensure that in the final phase of negotiations all matters related to social policy which are still outstanding will be properly solved.

The ETUC welcomes the decision to hold the signature of the Accession Treaties of the first ten candidate countries in April 2003 but insists that the ratification process be completed in time for the citizens of these countries to take part in the European Parliament elections scheduled for June 2004. Bulgaria and Romania need additional support and a specific initiative to avoid being left behind in the process. The ETUC will continue to assist its affiliates in these countries to join forces in view of asserting the social and economic interests of the working people.

The ETUC reaffirms its support to affiliates in Cyprus and to the pan-Cyprian Trade Union Forum. It hopes that on the basis of the last proposals made by the United Nations, the reunification of the Country could be

rapidly achieved, in respecting the rights of both communities. ETUC expects and calls for the administration of Northern Cyprus to change its policy of obstruction to trade union cooperation and to adopt a constructive stance.

For the ETUC, Turkey remains a legitimate candidate for EU membership. Significant reforms have been recently introduced addressing the economic and political criteria decided in Copenhagen in 1993 for all candidate countries.

The ETUC welcomes with satisfaction these advances and asks that they are finalised, including those in the area of trade union rights, and consistently implemented. In order to help the completion of this reform process, it is necessary that the European Council in Copenhagen gives a time schedule to Turkey for the opening of membership negotiations. The ETUC for its part, will continue to support its Turkish affiliated organisations in their struggle for social progress and democratic reforms.

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# EUROPE AND THE WORLD





# 13 THE EUROPEAN UNION AND THE EARTH SUMMIT

Executive Committee, 05-06/06/2002

Ten years after the Rio Summit, the United Nations are organising another Summit on Sustainable Development in Johannesburg in August 2002. The ETUC considers that the European Union should play a lead role in the definition of a global action plan for sustainable and solidarity-driven development, giving priority to the eradication of poverty, the protection of the environment, and the respect of human and social rights.

The ETUC accordingly calls on the Seville European Council to give priority to the following objectives:

1. An increase of direct aid for development, and more rapid progress in meeting the UN target of 0.7% of GNP;
2. The implementation by the Johannesburg Summit of Chapter 29 of the Agenda 21 adopted in Rio which stresses the role of workers and their participation in the effective and equitable implementation of a sustainable development strategy at all levels;
3. The recognition of the contribution of workers and trade unions in the implementation of Agenda 21 adopted in Rio, in particular through the elaboration and adoption of fundamental social standards within the ILO.
4. Recognition of the important role that trade unions play in negotiating collective agreements, particularly within multinational companies, and of their contribution to the health and safety protection of workers and to the promotion of public health. Within this framework, the European Union should promote the ILO programme “Decent Work and Safe Work” and develop those instruments which ensure good working conditions for workers.

5. The need to take urgent action on the social dimension of sustainable development, particularly with regard to social rights, employment, and training, which are fundamental in combating poverty; and to ensure access to collective services such as water, energy, education, health and communication infrastructure through public provision;

6. The universal application of fundamental labour standards and the promotion of the elaboration of the instruments necessary to implement these standards in concrete terms. The ETUC reiterates its reaction to the conclusions of the Doha Summit when it condemned the absence of progress on social standards;

7. The taking on board of the conclusions of the ILO report on “Global Agenda for employment” which illustrates in three key areas - agriculture, energy and transport - the close ties which exist between employment and sustainable development in the lives of men and women. In these three areas, the living conditions of hundreds of millions of men and women are at stake. The management of these changes, in our countries and in those of the South, requires new forms of social dialogue and the integration of sectoral and cross-sector dimensions;

8. Ensuring that methods of financing are introduced leading to significant reductions in debt;

9. The recognition of the essential role that public services and services of general economic interest play in allowing access to collective services which are a major element of social justice, equity and the fight against poverty. In this regard, the ETUC emphasises that the setting up of private/public partnerships cannot be used as an excuse for the back-door privatisation of public services in the framework of the WTO agreements and that they cannot be substituted for State responsibilities. These agreements must meet the objectives defined in Agenda 21, ensure that the public authorities meet their responsibilities, and involve all the actors concerned, and in particular the workers;

The ETUC also calls on the European Council to:

10. Urge the Member States to ratify the ILO Conventions, notably the following conventions: n°162: protection against asbestos, n°170:

chemical products, n°171: protection of night work, n°174: prevention of industrial accidents, n°176: health and safety in mines, and n°169: indigenous peoples;

11. Oblige all European companies benefiting from public procurement contracts, from Community aid programmes or from export credit guarantees, to respect basic specifications including the respect of fundamental social rights and international environmental standards;

12. Call on all European companies having business activity or interests (investments) in third countries (subsidiaries, subcontractors) to respect fundamental social and environmental standards. The ETUC insists that these companies should produce regular implementation reports and that these reports should be debated at European level by the Social Partners, the NGOs and the Community institutions. European Works Councils and Sectoral Social Dialogues must play a leading role in this field;

The ETUC's positions and actions for the preparation of Johannesburg will be co-ordinated with the ICFTU and the WCL.

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# EUROPE AND SUSTAINABLE DEVELOPMENT

*World summit on sustainable development, Johannesburg 2002*

Executive Committee, 19-20 /11/2002

1. The ETUC Executive Committee is pleased about the presence of a broad international trade union delegation at the Johannesburg summit and about the joint work carried out among the delegations of ETUC, ICFTU and WCL. The trade union group was the biggest among the delegations of society present at the summit.

2. On the basis of the assessment report prepared by the secretariat, the Executive Committee notes with satisfaction the adoption by the conference of a plan of action which places the emphasis on the fight against poverty and the financing of that fight, opens up prospects of a new governance of globalisation and gives prominence to the role of businesses in this process. But it regrets the fact that, though essential in worldwide negotiations, the commercial agenda, as financial, remains outside of the United Nations process and that the means announced for implementation are insufficient.

3. In order to meet these global objectives, the method of production and consumption in the developed countries, particularly in Europe, must be radically changed as a matter of urgency. ETUC stresses the extent to which uncoupling the use of resources and economic growth creates employment. Such a process requires technological innovations and investments. This focus falls within the framework of the support ETUC gives to the integration of environmental protection in the Lisbon process, based on the positive link between environmental protection and employment and on the importance of the quality of employment.

4. In this context, as in its declaration in Johannesburg, ETUC is asking for the European Union to update its strategy during the next summit in spring, taking into account the global plan of action and to quickly prepare a ten-year plan for transforming methods of production and consumption. This plan must be part of a European policy of democratic transition, giving prominence to the social quality and employment dimension. This strategy must pay particular attention to the themes of energy and climate change in order to ensure the effective implementation of the Kyoto protocol, the transformation of food production and agricultural methods by reforming the common agricultural policy to ensure food quality and safety, and the putting into effect of the focuses of prevention and precaution presented in the White Paper on chemical products.

5. Moreover, ETUC reiterates the importance of ensuring a better integration of the environmental dimension in the Lisbon and Gothenburg process. To this end, it awaits the adoption of tools for assessing common focuses such as the adoption of indicators that promote and develop a transition towards sustainable methods of production and consumption and towards a social quality and quality employment, a better means of fighting poverty and insecurity.

6. ETUC considers it essential for the European Union to take an active part in the process of monitoring the global plan of action, among other things in order to contribute towards better integration of the social dimension of sustainable development in the measures provided for by the plan of action and private-public partnership initiatives (type II). From this point of view, it believes that the DG for Employment and Social Affairs should play an active role in issues relating to the social aspect of globalisation, in particular social rights and reasonable employment and with regard to the theme of the social responsibility of businesses. In this context, ETUC reiterates its request for an increase in means of official development assistance to reach the level agreed by the United Nations, i.e. 0.7% of the GDP of the donor countries. On the other hand, it reiterates its demands for type II projects involving private-public partnerships to meet the objectives of the plan of action and adhere to the Rio principles and to not lead to processes of privatisation

of general interest services. Finally, ETUC asks the European Union, involved as it is in global governance within the framework of the agenda adopted in Doha and Monterrey, to see to the implementation of the sustainable development plan of action.

7. Aware that the process is beginning, ETUC will, for its part, intervene for the transformation of systems of consumption and production and the effective recognition of the social dimension of sustainable development. From this point of view, it will intervene to ensure that workers in businesses are recognised as participants in this process of transformation and that social dialogue at all levels - sectorial, national and European alike - plays a key role.

8. It will continue its action based on work already undertaken within the framework of the Seville conference and featured in the ETUC/TUTB joint booklet on themes involving global risks and requiring intersectorial responses, such as: clean energies and climate change, a sustainable system of food production, and chemical risks. The Executive Committee asks that a particular attention is given to sustainable development in the works of the Secretariat following the next ETUC Congress.

9. From this point of view, ETUC will integrate the sustainable development dimension in its action for a democratisation of the globalisation process, particularly in its action carried out within the framework of international commercial negotiations such as those relating to investments.

10. Finally, recognising the role entrusted to multinational businesses in implementing the plan of action, the European trade union movement and, in particular, European works councils call for observance by these businesses of OECD guidelines and the fundamental social standards of the ILO. It reiterates its demand for the adoption by the European Union of an instrument imposing the social and environmental report on those businesses. Similarly, ETUC considers it necessary for the accounting of businesses to be laid down by the European Union so that the workers and their representatives can fulfil their role within the context of information and consultation procedures. And for the European Union to impose a schedule of conditions including these same requirements for all businesses receiving export credits and public works contracts as part of assistance programmes. ETUC will endeavour,

through dialogue, to persuade others to share its positions through other players in organised society. And, with the European sectorial organisations, it will undertake to implement these objectives and will challenge employers' organisations, notably within the framework of the European Forum, regarding the responsibility of businesses.

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Reflecting the deep concerns of the Working people in Europe of a possible War in Iraq, the ETUC reaffirms its conviction that all political and diplomatic means must be applied in view of avoiding a devastating armed conflict and Iraq fully acting in compliance with the United Nations resolutions which they have been refusing to abide by for so long.

A unilateral decision by the US or a bi-lateral one with the UK to go to war and to act by a preventive strike would be a violation of International Law. Only the United Nations have the authority to decide how to ensure the implementation of their resolutions.

Iraq must allow unfettered inspection by the United Nations and accept to do away with the arms of mass destruction which constitute a threat for the region and for the world at large.

The ETUC is equally concerned and indeed shocked by the escalation of violence in Israel and Palestine causing the unacceptable human loss of life among the civil populations. The United Nations have also the responsibility here, to see their resolutions implemented and to urgently reactivate a credible political process leading to a lasting peaceful solution.

Israel's occupation of the Palestinian territories must be ended and a Palestinian independant State established along side a State of Israel, recognised by the Arab World and free of terror.

On Iraq, as well as the Israeli-Palestinian conflict, the European Union must speak with one voice in favour of peaceful solutions, uphold the role of the United Nations, increase its contributions in humanitarian aid to deprived populations, support democratic reforms and stand ready to contribute to the economic reconstruction and social development of a region of vital importance for Europe.

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