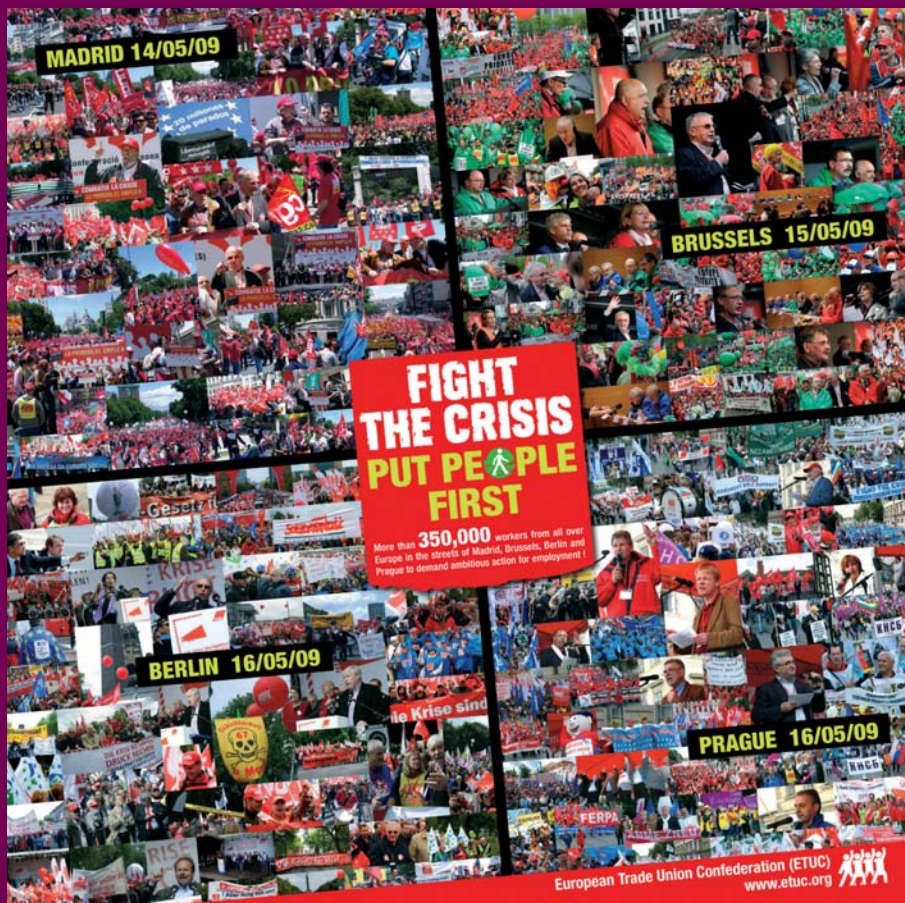


ETUC RESOLUTIONS 2009



EUROPEAN TRADE UNION CONFEDERATION (ETUC)

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2009



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Executive Committee - March 2009

1

ETUC'S POSITION ON THE REVISION OF THE PREGNANT WORKERS DIRECTIVE

(Directive 92/85/EEC on the introduction of measures to encourage improvements in the health at work of pregnant workers and workers who have recently given birth or are breastfeeding)

January 2009

INTRODUCTION

On 20 October 2006 the European Commission launched a consultation in two stages of the European social partners on the issue of reconciliation of professional, private and family life.

The ETUC expressed its views quite extensively ¹ (see summary of ETUC's response in the 2nd stage of consultation in attached Annex).

With regard to updating the regulatory framework, the Commission strongly encouraged social partners to initiate the negotiation process on the basis of the proposals put forward in the consultation document with regard to

- a. the introduction of **new types of leave**: paternity leave, leave for dependent family members, adoption leave;
- b. the improvement of **maternity protection** (Pregnant Workers Directive 92/85/EEC) in three areas: duration of leave, level of

¹ ETUC's position on the first stage of consultation: <http://www.etuc.org/a/3194>

ETUC's position on the second stage of consultation: <http://www.etuc.org/a/3910>

payment, protection of women returning from maternity leave; and failing that, to forward an opinion or recommendation on the objectives and contents of these proposals.

Furthermore, the Commission considered that improvements to Community provisions in relation to **parental leave** could be considered in order to better achieve the aims of the Parental Leave Directive 96/34/EC, based on a framework agreement of the European social partners.

With regard to the proposed revision of the Pregnant Workers Directive (92/85/EEC), the ETUC has welcomed the Commission's support for the need to review and improve this Directive. The Commission notes three areas in which improvements should be made: the duration of leave, the level of payment, and the protection of women returning from leave.

ETUC agrees with the need to strengthen the Directive in these areas and has especially demanded stronger guarantees for payment during maternity leave (which should guarantee full salary protection, by social security or other solidarity funding), to ensure that women and their families can afford and are not 'penalized' for having babies.

However, ETUC has also drawn attention to the need to strengthen the health and safety dimension of the Directive, notably in terms of prevention and risk assessment, and the need to strengthen the right to breastfeeding facilities. Another important matter is to extend its protection to all workers in atypical forms of employment including domestic workers.

In addition, ETUC has drawn attention to the need to bring the EU Directive in line with ILO convention 103 (Maternity Protection Convention) as revised in 2000 and the Recommendations attached to it (ILO Recommendations 191), in accordance with the EP's call for an improvement of the Directive already in 2000². It would be very appropriate to adapt and update the Pregnant Workers Directive to ensure at least a level of protection equal to ILO Convention 103.

In the meantime, the European Social Partners have started joint

² EP Report and Resolution on the implementation of Council Directive 92/85/EE, rapporteur Elisa Maria Damião, 30 May 2000, A5-0155/2000 ³ Joint letter of the European Social Partners to Commissioner Spidla on childcare, of 7 July 2008: <http://www.etuc.org/a/5204>

work on reconciliation of work, private and family life, notably by sending a joint letter on childcare ³, and have started negotiations on the revision of their Parental Leave Agreement as transposed in Directive 96/34/EC. However, they have refrained from joint action on maternity protection and the revision of the Pregnant workers Directive.

In October 2008, the European Commission has come up with a proposal for a revision of the Pregnant workers Directive which is now being discussed in the European Parliament.

GENERAL COMMENTS

1. ETUC first of all wants to emphasize the urgent need for **policy coherence** when it comes to reconciliation of work, private and family life, and the need to recognize its strong link to the protection of the health and safety of pregnant women and their unborn or newborn children.

In the context of demographic change and feminisation of the labour market, there is a need for both a higher and more sustainable birth rate and a higher labour market participation of women. In this situation, the protection of the health and safety of women and children but also the reproductive health of men and women is of high importance.

Appropriate protection of (pregnant) women and their unborn or just born children should be an integral part of a wider policy mix.

2. This **broad policy mix** consist of measures to allow workers (men and women) to have the amount of children that they wish, under (working) conditions that do not negatively influence their reproductive health, protect the health and safety of the mother and/or (unborn or newborn) child during pregnancy, allow the mother to properly recover from childbirth and the child to have a good start in the world (both physically and psychologically), and last but not least allow parents (women **and** men) to bond with their child from the very beginning.

³ Joint letter of the European Social Partners to Commissioner Spidla on childcare, of 7 July 2008:
<http://www.etuc.org/a/5204>

3. Not all the elements of this are yet recognized or regulated adequately at national or EU level. One area that until now has received insufficient attention is the area of **reproductive health and reproductive hazards**, which is relevant for both men and women. ETUC calls on the EP to include in its report an urgent call on the European Commission to take such reproductive hazards more seriously into account in its policy making especially regarding prevention of chemical hazards.

This is also important from a gender equality perspective: general preventive measures focussing on healthy and safe workplaces for men and women are much more conducive to gender equality than specific measures targeted at (pregnant) women. Such specific measures should be limited to situations which are intrinsically linked to the situation of pregnant women and their unborn child.

4. The other element which until now has been underdeveloped is the recognition that a more equal division of labour between men and women with regard to childrearing demands **possibilities for fathers to bond** with their children in an early stage. This leads to the need to introduce specific leave and other facilities, such as paternity leave. This possibility, and the need for a more equal sharing of parental care responsibilities, which should be addressed in terms of wider opportunities for parental leave, childcare and flexible working arrangements, **should not be confused with the continued need for protection of women** and their unborn or just born child when it comes to pregnancy and giving birth, in terms of health and safety protection and maternity leave.

ON THE PROPOSALS FROM THE COMMISSION

5. The current Pregnant workers Directive is based on the legal basis of health and safety. However, there is an increasing understanding that health and safety measures for pregnant workers must not negatively affect the employment and career opportunities for women, and should contribute to gender equality. This is one reason why it would be logical to **extend the legal basis** of the Directive to **equal treatment**.

6. The extended legal basis in our view would also allow the inclusion in the Pregnant workers Directive provisions on **paternity leave** (i.e. leave for the father/partner to take a short leave around the birth of the child) and **adoption leave** (i.e. leave for adoptive parents around the adoption of the child, to be able for parents and child to start their family bonds).

7. The ETUC is in favour of improving the Pregnant workers Directive in the areas proposed by the Commission, i.e. duration, payment and job-protection. We have argued, together with the EP, already in 2000 that the Directive on these issues needed to be brought in line with the revised ILO Convention on maternity protection (183) and the ILO Recommendations on this issue (191).

8. For the ETUC, maternity protection and maternity leave must be clearly distinguished from leave and other facilities for parents for the purpose of care. In our view, an **extension of the leave to 18 weeks** can be clearly argued on the basis of research and experience in Member States as being necessary for a proper **physical recovery** of the woman after pregnancy and giving birth. In specific cases (premature or sick child, multiple births etc.) a longer leave can be necessary. The proposals of the Commission in this area are therefore appropriate. The need for maternity leave of a sufficient length should not be confused with the need to provide the other parent (father/partner) with the opportunity to bond with the new born child (preferably by offering a period of paternity leave around the birth of the child) and opportunities for both parents to share the care responsibilities for their children in a later stage (by way of parental leave and flexible working arrangements). We are therefore **strongly opposed** to suggestions that the minimum period of maternity leave provided to women giving birth, established at EU level, could be shortened in favour of transferring a part of this leave to fathers.

9. The proposal to ensure that **at least 6 weeks of the leave** should be taken up **after child birth** is in line with ILO Convention 183 (that has been ratified already by 9 EU Member States, whereas an additional 5 EU Member States have ratified the preceding Convention 103 which contains a similar provision).

10. With regard to the payment of the leave, it is clear that any payment lower than the normal salary of the woman has a detrimental effect on women, and 'penalises' them for the biological role

of being mothers, not only when having children but also in the long run (influence on social security and pension rights etc.). In an era in which Europe has a bigger interest than ever in keeping or even regaining proper birth-rates as well as having an increased labour market participation of women, it is of the highest interest to **safeguard income and employment security** of pregnant women and young mothers to ensure a sustainable future.

ETUC therefore highly welcomes the Commission's proposal to ensure income protection during maternity leave at the level of their full salary.

11. Therefore, it is also necessary to extend the job protection to the period after returning to the job, including giving women a stronger right to return to the same or an equivalent job, as proposed by the European Commission.

12. The ETUC recognizes the importance of introducing a **right to request changes to working hours and patterns** to allow women to adapt the organisation of work to their needs when returning from maternity leave.

However, we would prefer to extend this right to **all parents** of young children, to promote a more equal sharing of childrearing tasks between men and women. With the extended legal basis this would be possible.

MISSING ISSUES

13. The ETUC wants to draw special attention to the excellent report that was made in 2000 by the EP (rapporteur Elisa Maria Damião) on the implementation of the Pregnant workers Directive, in which the Commission was asked to take action on several important issues.⁴

14. One issue that needs to be addressed in the revision is **breast-feeding**. The ILO Convention 183 contains very clear provisions on this (article 10: a woman shall be provided with the right to one or more daily breaks or a daily reduction of hours for breastfeeding, to be

⁴ EP report Elisa Maria Damiao, see above, footnote 2

determined by national law and practice, and these breaks will count as working time and must be paid accordingly). It is no longer acceptable that the EU Directive remains silent on this.

15. Another important issue to be urgently addressed is the general **exclusion of domestic workers** from all health and safety directives, according to Article 3a) Framework Directive 89/391, which has as an effect that they are also excluded from any maternity protection!

This can no longer be accepted. 90 Percent of domestic workers are women. Already in 2000, the EP adopted a “Resolution on regulating domestic help in the informal economy” (rapporteur Miet Smet)⁵, in which among other things there was a strong plea to bring domestic work within the scope of labour legislation and collective agreements. ILO Convention 183 explicitly covers **all** employed women, including those in atypical forms of dependent work (article 2).

16. A major issue that is not dealt with in the revision is the whole area of **health and safety protection** of the Directive. ETUC has expressed on several occasions its dissatisfaction with the fact that the Commission does not want to use the revision of the Directive to also improve the core provisions of the Directive on health and safety. Already in 2000, the EP gave clear indications on the improvements that were necessary!

17. **Risk assessment plays** a central role in the Directive, but the Directive does not prescribe any specific preventive measure. There are at least **3 problems** as regards preventive measures:

- a. A major problem is that there is no clear obligation to assess **reproductive risks more in general**, but only an obligation to assess risks once a woman reports that she is pregnant. The available data show that pregnancy is generally notified to the employer between the 7-th and 10-th week, but the greatest risks of foetal malformation lie between the 3-rd and 8-th week after conception. Likewise there is a bigger risk of miscarriage during the first weeks of pregnancy. This means that in most cases taking measures after notification is **too late**.

⁵ EP resolution, rapporteur Miet Smet, “Regulating domestic help in the informal sector”, 30 November 2000, EP AP-0301/2000

- b. The Directive requires employers to adopt preventive measures on the basis of the risk assessment, but there is not sufficient obligation to follow a hierarchy of actions i.e. to first try to eliminate the risk, and only in the last instance remove the woman from the workplace by sending her on leave.
- c. Unlike the other health and safety Directives, the Pregnant workers Directive does not provide for **workers' representative bodies to be consulted** on preventive measures. This was also criticized by the EP in 2000.
This absence adds to the tendency to treat protection of pregnant workers as a provision for individuals in an abnormal situation rather than as an issue of collective health and safety in every workplace.

18. The Pregnant Workers Directive was adopted in 1992 as a provisional compromise. The Commission was supposed to put forward proposals for improvements in October 1997, however, it did not do so. In July 2000, the European Parliament gave a critical assessment of the directive's implementation and voted for a revision to improve it. It reiterated its demand in January 2008. Now, the Commission has put forward a proposal for revision only focussing on matters regarding the duration of leave, the payment of the leave, and employment protection, arguing that the revision is placed in the context of a 'reconciliation package'. For the ETUC, this is not an acceptable argument. **Health and safety protection is an important pre-condition for reconciliation** of work and family life. We call therefore on the EP to come up with proper amendments on these issues.

19. What is urgently needed in addition is, to put the protection of mothers and their (unborn or newborn) children in the context of a **more general and effective preventive approach**: rules and regulations regarding maternity protection should be limited to conditions that are specific to the situation of pregnant women and women that have just given birth, and possible effects on their unborn or newborn children⁶, and a much stricter general policy should be adopted on **prevention of chemical and other hazards applicable to all workers**.

⁶ Mainly in the areas of ergonomics, working time (including night-and shift work) and work intensity, and increased protection against particular infectious agents and ionizing radiation.

Priority must go to eliminating and replacing substances that are hazardous to both female and male reproduction. Wherever elimination of those risks is not technically feasible, effective control measures should be adopted to prevent or minimize exposures.

The real need is to **promote a reorganization of production that will protect the health of women, men and their offspring**. We call on the EP to promote such an approach.

2

ETUC RESOLUTION ON INITIAL AND CONTINUOUS VOCATIONAL TRAINING FOR A EUROPEAN EMPLOYMENT STRATEGY

Executive Committee, 17–18 March 2009

1. PREAMBLE

The Commission has just published two Communications on education and training:

- **An updated strategic framework for European cooperation in education and training (COM (2008) 0865 Final)**, 16 December 2008;
- *New skills for new jobs. Anticipating and matching labour market and skills needs* (COM (2008) 0868 Final), 19 December 2008.

On 26 November 2008, meeting in Bordeaux, the European education and vocational training ministers, the social partners and the European Commission adopted the Bordeaux Communiqué that reviews the priorities and strategies of the Copenhagen process, in which they pinpoint the major challenges to be met and present a new strategic vision for European vocational training policies:

- take into account the objectives of social cohesion, equity and active citizenship;
- promote competitiveness and innovation;
- make the concept of lifelong learning and mobility a reality.

2. A FEW ELEMENTS OF ANALYSIS

The financial and economic crisis, as the Commission states, heightens the exceptional unpredictability of the future of the global economy. Global competition and restructuring measures are a reality today for millions of European workers; The global conditions of this competition are problematical because they build on wage earners (at global level) who, according to ILO figures, do not have an employment

contract (nearly 70%) and do not have social cover (nearly 80%). Inequalities are being exacerbated both in Europe and in the rest of the world. The example of China gives a very good idea of the situation: on the one hand, it has the world's biggest pool of researchers, and on the other, part of its population lives in conditions worthy of the middle ages.

The crisis reinforces the necessity to solve bigger problems than ever. Climate change, as well as the management and security of energy and food resources, will help accelerate a low-carbon economy by strengthening new technologies, ICT and the emergence of nanotechnologies. We need to build a knowledge-based society. Jobs requiring high levels of knowledge are expected to represent nearly 60% of jobs in 2012. Today, due to the economic and financial crisis, loss of jobs and threats to employment are creating a high level of insecurity among workers and citizens. As the ETUC has declared on a number of occasions, full employment should be ensured by combining policies that encourage quality jobs and social progress. Lifelong learning is a crucial instrument for promoting these objectives. Greater coherence needs to be ensured between competences, the sectoral distribution of jobs - which varies considerably from one region to the next.

3. LIFELONG LEARNING IS AN ESSENTIAL TOOL TO ENSURE FULL EMPLOYMENT, WHILE COMBINING POLICIES PROMOTING QUALITY ASSURANCE AND SOCIAL PROGRESS

The challenges are huge.

- Youth unemployment remains high (15.5% in 2007), as stated in the social partners' joint labour market analysis. Some 15% of young people leave school without a diploma and nearly 30% of young graduates are hired for jobs that do not correspond to their qualifications. This situation had a bearing on the recent unrest among the young population in Greece.
- The low level of qualifications of the working age population (24-64) is still very high (78 million) and has remained constant since the European Centre for the Development of Vocational Training (Cedefop) first published this figure. This represents nearly 30% of the European labour force.

- Wage earners aged 50 years and over account for only 3% of vocational training a year.
- Vocational training expenses for businesses between 1999 and 2005 dropped from 2.3% of the cost of labour in 1999 to 1.6% in 2005. The biggest decrease occurred in medium-sized companies. Increasingly, individuals and the state have to cover part of the financing of training, which often involves new taxation systems, loans, training cheques, etc.
- The important structural changes that are taking place will change the labour market even further and consequently training systems as well.
- Global competition is intensifying, resulting in greater economic pressure and a drive to build innovation capacity in the emerging economies (Brazil, Russia, India and China).
- Demographic developments, and in particular the ageing of the population, need to be taken further into account.
- Increasingly fast technological progress, the development of new information technologies, nanotechnologies, and technologies linked to climate change and the low-carbon economy demand the anticipation of new skills and ongoing adaptation of the labour force through lifelong learning.

At a constant success rate, the number of upper secondary vocational training graduates is expected to decline by 500,000 between 2015 and 2030. The biggest decrease is likely to occur between 2009 and 2015.

The decline in the number of new labour market entrants with vocational training qualifications, in parallel with the strong demand for replacement, notably in intermediary qualifications, increases needs for higher skills, with serious consequences on labour supply. Nearly two million teachers will retire in the next 15 years. Cedefop states that there could be around 100 million vacant posts between 2006 and 2020, with the creation of 16.9 million new jobs and 80.4 million jobs becoming vacant due to retirement or people leaving the labour market. Europe could experience an extremely serious skills deficit in 2020. This evaluation of employment is also based on other parameters, with the ongoing loss of jobs (2.9 million) in the primary sector, stabilisation in construction and the manufacturing industry, and a loss of 800,000 jobs in spite of the rise in engineering. There will continue to be a high number of jobs

in the processing industry. The services sector – services to business and services to persons – will develop further.

It is obvious that this estimate, which was made before the financial and economic crisis, must be re-evaluated. The crisis further reinforces our demand for a coherent and sustainable industrial policy (see also the ETUC Resolution on a strong European recovery programme (129 Kb PDF) of 3 and 4 December 2008: saving jobs from depression and deflation, defending wages, collective bargaining and pensions).

4. COMMISSION PROPOSALS

The Commission proposals are structured on four options:

- lifelong learning and learners' mobility;
- improving the quality and effectiveness of education and training and of learning outcomes;
- encouraging fairness and active citizenship;
- encouraging innovation and creativity, including entrepreneurial initiative

The Commission points out that many of the European Union's key competitors have higher rates of people with higher educational attainment: for those between 25 and 64 years of age, the average rate in the EU is 23%, compared with 40% in Japan and 39% in the USA. Furthermore, private investment in higher education is 0.76% of GDP in Japan, 1.29% in the USA and 0.23% in the EU.

The Commission's instruments are as follows.

- **The EQF, or European Qualifications Framework**, which the ETUC supported, makes it possible to establish crossovers between types of learning and encourages the implementation of national qualifications frameworks (NQF).
- The validation of experience outcomes becomes a priority decision. **EUROPASS**, used in 32 countries, serves as a European CV.
- **The European credit system for vocational education and training (ECVET)** has just been adopted. It establishes a system for the transfer of learning credits. Its implementation will require a great

deal of cooperation and investment based on the pilot project method.

- **Quality assurance** to enhance the quality of learning outcomes.

The Commission should rely on the participation of the social partners for follow-up and evaluation within a common framework and on the guidelines of the European Strategy for employment.

Progress is patchy, however. Most of the objectives set by the Council for 2010 will not be attained, for example, the objective on young people and adult education.

The two communications identify and focus on the main challenges. They confirm the requirements and the pressure that will be put on lifelong learning and qualification systems as a result of economic and demographic changes, social integration and the evolution of immigration.

5. ETUC POSITION

The ETUC considers that the framework proposed in the Commission's communication confirms the priorities shared at European level:

- transparency and compatibility of skills;
- recognition and validation of formal and informal learning;
- quality assurance mechanisms for training.

ETUC acknowledges that, to date, the Copenhagen process has been crowned with success but that it is too early to assess the usefulness of the results of all the work undertaken. The Copenhagen process offer instruments for the development of vocational training and lifelong learning in Europe. Implementation proper is not carried out at EU level, but at national and regional level. The results of European cooperation are effective if they can be used at the workplace or in the institutes where training is provided. European cooperation must support initial training at fundamental level. From the trade union point of view, the national measures aimed at developing qualifications frameworks, the validation of learning and quality assurance mechanisms show that decision-makers have come to understand the importance of education and initial training and of

vocational training in the framework of the Lisbon strategy objectives. ETUC has identified five key priorities in lifelong learning and vocational training, which can also reach higher education levels for certain workers as skills demands increase.

1. Equal Access to training for all those who must develop their skills and aptitudes.
2. Recognition and validation of aptitudes and skills irrespective of how they were acquired and their recognition in the company.
3. The financing of training and employers' responsibility in this area.
4. The anticipation of future skills needs.
5. The participation of the social partners in vocational training and lifelong learning.

We are calling for a real right and an equal access to lifelong learning for all.

■ **Equal Access to training is essential and has to be based on a initial training of quality**

Our first priority is to ensure access to training for all those who need to develop their aptitudes and skills. It must be based on the initial training of quality for all. Participation in lifelong learning is higher among younger age groups and gradually declines in the older age groups. Participation is also higher among men than women. All the Member States must develop and put in practice methods for the recognition and validation of the skills acquired outside of formal education or training. Learning occurs daily at the workplace and in other environments. Adult participation in unofficial education is three times higher than in official education. The learning must be made visible and transferable through validation. However, it is not enough to validate existing aptitudes because success on the employment market requires new skills. Continuing training and learning must make their contribution. This priority is parallel and complementary to access to training. The lifelong learning strategies developed in the European Union Member States are necessary but not sufficient. Workers and citizens must have real and equal opportunities to participate in training and to see their skills recognised.

■ **The key instrument is respect for workers' right to financing for training**

Without adequate and targeted financing, unqualified or older workers and the jobless will not have sufficient possibilities to develop their aptitudes and skills. ETUC recognises with the European Council (13 and 14 March 2008) and the Communication of 16 December that “investing more effectively in human capital and creativity throughout people’s lives is a key condition for Europe’s success in a globalised world.” This affirmation should be implemented in the Member States on the basis of national budgets granted to training institutes and companies. European public investments in human capital are implemented principally at national or regional level. EU funds are important but they simply supplement the national budgets. European cooperation to develop education and training, in particular vocational training, also constitutes a major initiative to encourage investments in human capital. ETUC considers that lifelong learning is a necessity in Europe. Furthermore, the trio of education, research and innovation must be strengthened. We share the Commission’s analysis with respect to the European Institute of Innovation and Technology, whose activity can reinforce and enhance education and research by encouraging multidisciplinary, private and public partnerships, better targeting workers’ skills and needs for the labour market and innovation.

■ **Private enterprises and public employers have the responsibility to develop their workers skills and competences.**

Private companies and public employers have the responsibility to develop their workers’ skills and competences. Employers also have the responsibility to train workers in case of restructuring measures. Public financing is also needed because not all education and training is related solely to present-day work and professions.

Vocational training at the workplace during working hours is an essential aspect of lifelong learning. Participation in continuing vocational training varies considerably from one country to the next. Participation also presents major differences depending on the size of the company. The third study on continuing vocational training systems (CVTS 3) reveals that large companies that have more than 250 employees are more committed to staff training. Workers in small companies have fewer opportunities to obtain training.

According to the study on vocational training, in 2005 in the EU25, 27% of the labour force benefited from paid training or training provided by the employer, or self-financed in the case of self-employed workers. Employers train their permanent staff. The study reveals that employer-paid training was provided to 32% of workers having an open-ended contract, 29% of workers with a fixed-term contract and 18% of temporary workers, 10% of these workers having a primary-level education and 40% having pursued higher education.

It is necessary to foresee skill and competences needs, notably in order to match the training offer and the labour market needs, particularly for young men and women and unemployed people.

Skills needs must be anticipated in order to diminish the gap between available training and labour market needs. ETUC welcomes with interest the initiative ‘New skills for new jobs’, which provides an initial evaluation of the labour market and skills needs up to 2020, maps out anticipation instruments that already exist at national and European level, and proposes a more effective approach to ensure anticipation and to match workforce supply and demand through synergy between policies on employment, training and education.

According to Cedefop, 30% of European enterprises provide vocational training to young people. The social partners have a key role to play in the development at national level of individual qualifications and skills.

The guidelines set out in the jointly developed framework for action must be implemented.

6. LIFELONG LEARNING AND EDUCATION’S CHALLENGES

The challenge of initial vocational training offer opportunities to all young people and at the same time develops excellence in aptitudes and skills. Young women and men have different skills and different possibilities for developing their qualifications. One-size-fits-all solutions do not meet the needs of learners, whether young or old men or women. Vocational training and education must be developed to take account of learners’ personal needs. Occupational and generic skills are important, but training and qualifications must be composed in a way that takes account of different needs. The task is demanding but not impossible. Vocational training must meet the

direct needs of working life. Vocational training and education open possibilities to young women and men entering the labour market. In addition, initial vocational training must prepare the learner for the labour market and lifelong learning.

ETUC and its members will use social dialogue and collective agreements to guarantee workers' right to training. This right must be accessible for all citizens independently of their age, gender, employment, social status or nationality. Access to training, the financing of training and the use of working time for training are essential aspects of agreements. With today's economic crisis, training should be encouraged and developed. That is why we are calling on a real right to lifelong training and why we strongly encourage bipartite and tripartite social dialogue. We welcome the Commission's recognition of the necessity of social dialogue, in particular at sectoral level.

Common European instruments, principles and guidelines are necessary to improve lifelong learning opportunities for workers and citizens, but they are not enough. European cooperation on lifelong learning should have a clear strategic objective that links education and training in a changing labour market and society.

Education and training are the keystone of Europe's growth and the well-being of its citizens. That is why the ETUC has given itself the ambition of ensuring that:

'All workers and citizens on the labour market in Europe have the right and the opportunity to develop their aptitudes and skills in order to meet the needs for their work and also for their "non economic" aspirations.'

Steering Committee - April 2009

1

CONDITIONS FOR FREE MOVEMENT : MORE PROTECTION OF WORKERS AND FAIR COMPETITION

Steering Committee, 28 April 2009

INTRODUCTION

1. On the occasion of the enlargement of 1 May 2004, 12 of 15 ‘old’ Member States introduced transitional measures, whereas some new Member States applied measures on the basis of reciprocity as a response. Before 1 May 2009 the Council will have to review the functioning of the transitional provisions on the basis of a Commission report. This report was published in November 2008¹.

In the meantime, the situation has considerably changed. Not only have Romania and Bulgaria entered the EU, with separate timetables for possible transitional measures². Also, a financial and economic crisis of almost unprecedented scope is sweeping over the world, and does not leave the EU and its expanding internal market and labour markets untouched.

ETUC wants to contribute to the debate about the next steps with this resolution.

2. This resolution is built on previous positions taken on the subject matter, notably the 2005 Resolution “Towards free movement of workers in an enlarged European Union”³ and the 2008 “ETUC

¹ In the meantime, only 5 ‘old’ Member States still have transitional restrictions in place (B, DK, D and A), and one new Member State still has reciprocal measures in place (H).

² At the moment, there are still 10 Member States that have transitional restrictions in place for Romania and Bulgaria.

³ <http://www.etuc.org/a/1898>

response to ECJ judgements Viking and Laval”⁴. It does not deal with all issues discussed in those documents, some of which will be addressed in the near future separately (such as: developing a proactive litigation strategy on collective action, and coordinating collective bargaining strategies with regard to the extra-territorial effects of collective agreements).

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

EXECUTIVE SUMMARY

4. Before 1 May 2009, the Council will have to review the functioning of transitional measures in an enlarged Europe. The ETUC takes this opportunity to renew its calls for a fair internal market, combining open borders with adequate protection for workers. With this Resolution, the ETUC updates its position on the conditions for free movement, having regard in particular to the rise of protectionism, and the potential increase in nationalism and xenophobia, in the context of the economic and financial crisis, and the recent judgments of the European Court of Justice. The ETUC calls for the full implementation of the free movement principles in the context of fair competition. For this, it is essential that accompanying measures are in place both at national and European level.

5. In particular, the EU needs to clarify its legal framework with regard to the moving around of workers in the framework of the free movement of workers and services. The ETUC calls especially for:

- a. Social Progress Protocol to be annexed to the Treaties to make absolutely clear that free movement must respect fundamental rights, and to embed this in the broader concept of social progress and the harmonising upwards of working conditions and social systems;

⁴ <http://www.etuc.org/a/4704>

- b. Member States to address the weaknesses of their national systems which may lead to non-application of labour standards and unfair competition on wages and working conditions, and make their national systems 'mobility proof';
- c. the Directive on the Posting of workers to be revised with a view to restoring its primary objective: ensuring a climate of fair competition and respecting workers' rights.

Several issues need to be addressed, including in particular the legal base, the definition of a posted worker and of a transnational service, the possibility for Member States to include the protection of workers as a 'public policy' provision, and the respect of the role of trade unions in negotiating and enforcing collective agreements.

Special attention must also be paid to public procurement procedures, and the possibility for public authorities to introduce social clauses demanding the observance of the locally applicable collective agreement.

- 6. The ETUC also calls on its members to adapt their structures and actions to the needs and realities of migrant and mobile workers and invest in cross border solidarity.

CONDITIONS FOR FREE MOVEMENT

7. The free movement of workers is a fundamental right enshrined in the EU Treaties, guaranteeing equal treatment and protection against discrimination on the basis of nationality. Therefore, according to the Treaty, transitional restrictions, as well as their continuation, should be justified on important and objective grounds.

8. However, the support for the unrestricted implementation of free movement provisions is currently undermined by the following developments:

- a. the politics of deregulation and one-sided emphasis on 'flexibility' have led to increased numbers of workers in precarious jobs, as well as outsourcing and subcontracting. A general sense of insecurity, and fear for 'undercutting of wages and working conditions' by such practices is on the rise;

- b. in many countries, insufficient measures have been taken to ensure that national social and industrial relations systems are ‘mobility proof’, leading to lack of enforcement of wages and working conditions and labour exploitation of migrant and mobile workers;
- c. the cross border mobility of workers in the framework of ‘services’ (via subcontractors and intermediaries) is increasingly replacing the free movement of ‘workers’, leading to unfair competition on wages and working conditions;
- d. in countries with transitional measures, these have not always had the intended effect of controlling inflows, but sometimes led to employing more migrant/mobile workers as undeclared workers and as (false) self employed.

9. In 2005, the ETUC therefore called urgently for a framework of firm and fair rules, to be developed both at national and EU level, to accompany the coming about of a genuine internal market, in which goods, capital, services and workers can move around to the benefit of citizens, economies and societies.

According to the ETUC, a European labour market requires European ‘rules of the game’, combining open borders with adequate protection.

These key conditions are

- a. equal wages and working conditions for work of the same value on the same territory;
- b. respect for national collective bargaining and industrial relations systems as indispensable and dynamic tools to manage change in a democratic way;
- c. equal access of all workers to social benefits;
- d. proper instruments and tools for monitoring, enforcement and application in practice for stakeholders at all relevant levels, including the social partners.

10. Since 2005, the ETUC has stressed on numerous occasions the importance and urgency of accompanying the increased mobility on the emerging European labour market(s) with appropriate policies

and conditions, however, the European Commission and the Council have remained deaf and blind to this demand.

11. Four recent ECJ cases ⁵ have exposed the weaknesses of the current EU legal framework applicable to fundamental social rights and the free movement of workers and services.

They have created major social unrest and are endangering social partnership models.

- a. the ECJ confirmed a hierarchy of norms, with market freedoms highest in the hierarchy, and the fundamental social rights of collective bargaining and action in second place.
- b. the ECJ interpreted the Posting Directive (covering workers that cross the borders in the framework of services), in a very restrictive way, limiting the scope for trade unions to take action against ‘social dumping’⁶ and to guarantee equal treatment of local and migrant workers in the host country.

The ETUC consequently called for a **Social Progress Protocol**, to be attached to the Treaties, to make absolutely clear that all free movement provisions of the Treaty must be interpreted in a way which respects fundamental rights, and to embed this in the broader concept of social progress and the harmonizing upwards of working conditions and social systems.

As the new Lisbon Treaty (consolidated text) in its Article 3 (3), subpar. 3, says very explicitly: “*The Union shall work for (...) a highly competitive social market economy, aiming at full employment and social progress*”. The Protocol would have as its objective to clarify the relation between the internal market and fundamental social rights.

In addition, the ETUC called for a **revision of the EU legal framework** covering the free movement of workers and services, and in particular for an urgent revision of the **Posting Directive**.

⁵ Viking C-438/05; Laval C-341/05; Ruffert C-346/06; Commission v Luxembourg C-319/06.

For summaries of the judgements, see: <http://www.etuc.org/r/846>

⁶ social dumping’ is unfair competition on wages and working conditions leading to a spiral downwards

THE SOCIAL IMPACT OF MOBILITY

12. The ETUC has taken note of the Commission's report on the first phase (1 January 2007-31 December 2008) of the Transitional Arrangements, which is giving a positive signal to Member States to open their borders. The report argues that mobile workers from the countries that joined the EU in 2004 and 2007 have had a generally positive impact on Member States' economies; workers from the EU-8 as well as Bulgaria and Romania have made a significant contribution to sustained economic growth. According to the Commission, they have not caused serious disturbances on the Member States labour markets, nor have they significantly displaced local workers or driven down their wages. The report states that both for the EU as a whole and for most individual countries, labour flows have been limited compared to the size of labour markets and to inflows from non-EU countries.

13. The ETUC regrets that the report of the Commission puts too much emphasis on the economic impact of enlargement and does not sufficiently address the social impact. It does not recognize the problems and concerns of workers and citizens both in the sending and receiving countries when it comes to the increased mobility of workers and services, and fails to come up with the necessary proposals to address these concerns.

When it comes to the sending countries, especially in central and eastern Europe, brain drain and youth drain, as well as negative impacts on family cohesion and children when one or both parents are working abroad, are generally understood as negative side effects of the increased mobility. In addition, and in relation to the economic crisis, return migration of large numbers of migrants becoming unemployed in the receiving countries are increasingly a serious problem in several countries that are themselves severely hit by the crisis because of closures of companies, many of them foreign owned, with little perspective for those becoming unemployed to find new employment in their own country in the foreseeable future.

In the **receiving countries**, there is considerable evidence of big differences in living conditions of new immigrants as compared to host-country nationals and these include higher risks of poverty, and difficulties in accessing housing, health care and other social services. The Commission's 'Employment in Europe report 2008', in its special chapter 3 on geographical labour mobility, recognizes that *"the failure to create*

the conditions for mobile workers to integrate in the society can result in serious social problems and a waste of economic benefits of mobility. This failure could be at the root of negative attitudes towards intra-EU mobility’.

The ETUC is highly critical of the fact that these issues are receiving little attention in the Commission’s conclusions and public statements.

INTERNAL MARKET, FREE MOVEMENT, AND FAIR COMPETITION

14. Recent developments have made the debate even more urgent. The financial and economic crisis challenges economies and societies all over Europe, with unemployment figures rising and workers everywhere worried when they will be hit. Governments are considering how to protect their national industries while workers may tend to become more nationalist and xenophobic, afraid about foreign workers ‘taking their jobs’. Right wing extremists see their chances and try to exploit these fears to their advantage.

In this situation, it is of paramount importance to get the EU policies, measures and messages right.

Everybody agrees that financial markets need measures to create confidence. There is less understanding that the real economy and labour markets need a similar huge effort of **confidence building**.

15. In this context, it is important to recall how the founding fathers of the EU looked at the basic principles that should guide the coming about of the internal market.⁷ They saw free movement of the two key production factors, capital and labour, as essential for the internal market to prosper. As capital would move to the place of abundant labour, and labour would move to where the jobs are, the end result would be an increasing prosperity for everybody.

They assumed that there would be no need to interfere actively with possible differences in salary levels, as these would converge because of the concerted actions of trade unions and disappear in the

⁷ 1956 Ohlin report on the social aspects of European economic cooperation, 1957 Brussels report on general common market (‘the Spaak report’)

course of time with increasing productivity. But, most importantly, they were convinced that such **different wage levels would not form an incentive for distortion of competition and social dumping, because the free movement of workers would be covered by a host country principle guaranteeing equal treatment and non-discrimination.**

These principles are indeed laid down in Article 39-42 of the EU Treaty.

16. However, as we have seen, the recent problems on the EU labour markets have not arisen from the application of the free movement of workers' provisions, but from the fact that these provisions were **not** applied.

The increased tendency to hire foreign workers via intermediaries (temporary agencies and subcontractors, i.e. so called service providers), a situation not foreseen when the EU was founded, has in recent times challenged the assumptions on which the internal market is built.

In the period of the previous enlargement to the South of Europe, the ECJ had to deal with the question how to interpret the Treaty, and the transitional measures for free movement of workers that some countries had established for Portuguese workers. In a famous case about a Portuguese construction company bringing Portuguese workers into France⁸, the ECJ decided that in such situations the workers concerned were in fact not 'workers' in the sense of Article 39 of the Treaty, and therefore not covered by the transitional measures but were allowed to perform 'services'.

The ECJ created the fiction that those workers 'would not become part of the French labour market'.

This jurisprudence led to a hot debate which ended (provisionally) with the adoption of the **Posting Directive** in 1996. This Directive was meant to control the damage, by introducing the notion that those workers would be covered in any case by a list of minimum standards applicable in the host country.

⁸ Rush-Portuguesa C-113/89

It is important to recall the objectives of the Directive, as mentioned in its preamble: (1)“whereas (...) the abolition, as between Member States, of the obstacles to the free movement of persons and services constitutes one of the objectives of the Community”;

(5)“whereas any such promotion of the transnational provision of services **requires a climate of fair competition and measures guaranteeing respect for the rights of workers**”.

17. Although from the very beginning the Posting Directive has led to problems with implementation and enforcement, it is only in recent times that the need for a thorough revision of this Directive, and the legal framework of Treaty provisions and jurisprudence of which it is a part, has become very clear.

The ECJ, in the cases *Laval*, *Rüffert* and *Com vs Luxemburg*, has interpreted the Directive in such a way, that it is now to be understood as a **maximum** Directive with regard to the **matters** that can be regulated, the **degree of protection** that can be required, and the **methods** that can be used to ensure that employment conditions must be equally observed by all national and foreign undertakings in the same region or sector. When Member States want to apply higher or different standards by law, or trade unions take action to demand better standards by way of collective agreements, in particular to prevent ‘social dumping’, ensure equal treatment and promote fair competition between local and foreign service providers, this may be seen as an infringement of Article 49 of the Treaty.

18. The ACAS-report, made after the *Lindsey-oil* case in the UK⁹, shows very clearly what the potential problems are. When a foreign subcontractor can only be held liable for **minimum** levels of pay and working conditions in the host country, whereas domestic subcontractors will have to (or, in the UK context, are expected to) apply higher (collectively agreed) standards, a clear incentive for ‘social dumping’ (to be understood as a spiral downward instead of upward) is in place. This goes in several ways against the basic principles of the EU Treaty. First of all, instead of creating a level playing field for foreign and domestic companies/service providers, it may lead to

⁹ <http://www.acas.org.uk/CHttpHandler.ashx?id=1019&p=0>

reverse discrimination (i.e. discrimination of local companies). Secondly, if foreign labour is cheaper on the host country's labour market than domestic labour, then the beneficial effects of the internal market (that labour goes to where job opportunities are without endangering local labour markets, i.e. in situations of tight labour markets only; and that companies go to where abundant labour is...) are severely under threat.

In this particular case, fortunately it was possible on the basis of trade union intervention, to guide the social unrest in the direction of negotiations and to turn a potentially dangerous situation into a 'deal' that was beneficial for all those involved.

19. However, the ETUC is of the opinion that this fundamental problem must urgently be addressed, to **prevent further damage to the development of the internal market and its free movement principles.**

ETUC'S PROPOSALS

20. The EU needs a rigorous commitment from its Member States to fully implement the free movement of workers provisions of the Treaty across the EU, based on equal treatment and non-discrimination of workers and companies in the place where the work is done (the host country principle).

Member States, where appropriate in cooperation with social partners, should more actively and intensively inform their population on the legal framework for free movement of workers and the rights of the workers involved in order to reduce unfounded fears and concerns.

Member States in consultation with social partners should, where necessary, address the weaknesses of their national systems which may lead to an increase in undeclared work, non-application of labour standards and unfair competition on wages and working conditions, and make them **'mobility proof'**. This can help reconsideration of

⁹ <http://www.acas.org.uk/CHttpHandler.ashx?id=1019&p=0>

replacing transitional restrictions, where still existing, by appropriate conditions for open borders.

21. Two recent examples show clearly how taking or **not** taking such measures makes the difference when it comes to the confidence of workers and citizens in the benefits of open borders and free movement.

In the period before the Irish referendum on the Lisbon Treaty, trade unions in Ireland asked for clear guarantees regarding the improvement of the social system, respect for workers' rights and especially collective bargaining rights. After the referendum was lost, analysis showed that the lack of confidence in how Ireland would deal with workers' rights in a globalising world was one main factor for saying no to the Treaty.

Recently, the **Swiss** population had a **referendum** about opening up its borders to workers from the new Member States of the EU and especially Bulgaria and Romania.

After a lot of campaigning and debate led by the trade unions, Switzerland adopted a package of measures to counter possible negative effects in terms of social dumping, and to everybody's surprise the outcome of the referendum was very positive, with almost 60 percent of the voters in favour!. (Liechtenstein went through a similar experience.)

22. The EU also needs to urgently **clarify its legal framework** covering the free movement of **services**.

It is clear that a service company is covered by the freedom of establishment of the Treaty, as well as by the freedom to provide services cross border. However, in ETUC's view, it is no longer acceptable to govern the increasing market for services within the EU with fictional concepts:

- a. with the notion that all the workers of service providers, when moving cross border are not seen as 'workers' in the sense of the Treaty (whereas formally they are!),
- b. with the fiction that they are 'not becoming part of the labour market of the host country' (whereas many of them do exactly the same work as local workers),
- c. and that their habitual place of work is in their home country

(whereas many of them stay for long periods, up to 5 years or longer, and are moved by their service provider from one job to another in the host country or even to other Member States).

These matters are not just issues of bad implementation or enforcement. They demand a thorough rethink of the legal framework.

Also the EP, in its Andersson report¹⁰, has addressed the need to address loopholes and inconsistencies in the current EU legal framework, that are inviting unfair competition between companies and incompatible with the intention of the legislator in the Posting Directive and Services Directive.

23. The ETUC has the following proposals:

Revision of the Posting Directive, to strengthen it and better achieve its aims of guaranteeing fair competition and the respect for workers' rights.

- a. The **objectives** of the Posting Directive, i.e. respecting the rights of workers and ensuring a climate of fair competition, now only figuring in the preamble of the Directive, must be more clearly laid down in the body of the Directive. In particular, a reference to the social policy objectives of Article 136 of the Treaty, with their clear reference to the aim of 'improving the living and working conditions of workers', would help to ensure a more coherent interpretation of the Directive. Furthermore, it deserves a **broader legal basis**, i.e. Article 137 of the Treaty.
- b. What is essentially **free movement of workers** should be covered by the Treaty provisions written for this purpose, i.e. especially **Article 39** with its strong equal treatment requirement based on the host country principle. This means among other things that the original aim of the **Posting Directive, to only cover clear situations of temporary postings**, when the workers of a service provider cross the border in the framework of a short term service and return with their employer to their country of origin afterwards, must be more clearly translated

¹⁰ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=//EP//TEXT+TA+P6TA2008-0513+0+DOC+XML+V0//EN>

into the scope of the Directive, for instance by introducing a clear **time limit** for the definition of a posted worker.

- c. This also means that Member States and social partners must be allowed to use effective monitoring and enforcement mechanisms, in particular to check if the posted worker is really ‘habitually’ employed by the service provider in the country of origin, and that it is intended that he/she returns at the end of the posting.
- d. In the same vein, it is important to more precisely define what is or is not ‘transnational provision of services’, to **prevent** companies to manipulate applicable law and standards by the **use of letterbox-companies**.
- e. The **minimum character** of the Posting Directive must be **restored**, i.e. the notion that the Directive provides ‘minimum-protection’ (the core of rights that **must** be applied), which does not prevent legal or collectively agreed standards to provide the workers concerned with more favourable conditions (the standards that **can** be applied), as long as equal treatment and non-discrimination of local and foreign companies is ensured.
- f. When it comes to Member States in their role as legislator, this means that the very restrictive interpretation of the notion of ‘**public policy provisions**’ **must be revised**, to include social objectives and the protection of workers;
- g. Member States in their role of public authorities contracting out public works (public procurement) should be allowed via **social clauses** to demand observance of locally applicable collective wages and working conditions by any company, local or foreign, tendering for the contract;
- h. The Directive should more clearly **respect the different industrial relations models in Member States** as well as the instrument of collective bargaining as a flexible and dynamic process, which – in the interest of both sides of industry as well as of society at large -cannot and should not be treated as just another form of regulation.

The **fundamental right to collective bargaining and collective action** should be understood as allowing trade unions to

approach and **put pressure** equally on local and foreign companies to improve living and working conditions of workers and to demand equal treatment of workers performing similar work on the same territory, regardless of their nationality or the place of establishment of their employer.

This should be clarified by introducing in the body of the Directive the **equivalent of the Monti-clause** (for instance: “*this Directive may not be interpreted so as affecting in any way the right of trade unions to take collective action and to negotiate, conclude and enforce collective agreements in order to improve the living and working conditions of workers*”).

- i. In addition, less rigid criteria should be developed to judge if a collective agreement can be upheld vis-à-vis a foreign service provider, for instance in situations in which the **vast majority** of local companies is **in practice bound** by the collective agreement.

An ETUC expert group of trade union experts and academics is currently working on the legal and technical aspects of these proposals, and it is the intention to put a memorandum with proposals and recommendations before the ETUC Executive Committee later this year.

24. In addition, ETUC demands a **strengthening of the so-called ‘Information Directive’** (about the minimum information that workers should receive from their employer regarding their employment relationship), to include all relevant provisions regarding their employment situation in the host country especially in situations of posting.

25. Furthermore, ETUC calls on the European Commission to urgently address and **solve the possible tensions between the Ruffert case, the Public Procurement Directive and ILO Convention 94**, which aims at preventing that public contracts exert downward pressure on wages and working conditions. The approach taken in ILC 94 is that conditions under public procurement contracts should not be less favourable than those established for the same work in the same area by collective agreement or similar instrument. 10 EU Member States have ratified this convention. The EU Commission and Council of Ministers included it in their call for ratification of all up-to-date

conventions in 2006. The EU must therefore ensure that all Member States can continue to adhere to ILC 94, promote its ratification and implementation, and solve any ambiguities in EU legislation that might stand in the way

26. In addition, and especially against the background of the current crisis, it is of major importance to **clarify the scope for social criteria** in public procurement and private contracts to allow local and regional actors to take account of the unemployment in the region when tendering contracts in a clear context of non-discrimination.

27. The Commission and the Council must – on the occasion of the evaluation of the second phase of the transitional measures – acknowledge that there are **serious problems** with regard to cross border mobility that demand for urgent action to be taken at national as well as at EU level, as they are threatening social cohesion and the support for the European project.

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

They should also agree at the earliest possible moment to attach a **Social Progress Protocol** to the Treaties, confirming social progress as a clear objective of the internal market. Just saying that the European institutions will ‘*confirm the high importance attached to (...), including workers’ rights*’, as is mentioned in the Council conclusions of December 2008 in response to the Irish No, will not do.....

28. ETUC will call on employers’ organisations at EU level to explore possibilities of jointly addressing the challenges of increased mobility of workers on the emerging European labour market(s).

29. Increased cross border mobility also demands the adaptation of trade union actions, activities and structures, in order to provide the workers concerned, especially those temporarily working abroad, with adequate and effective information, support and protection regarding their social and labour rights. It is now more urgent than ever to invest in cross border solidarity and therefore to implement

the resolution, adopted at the ETUC congress in Helsinki 1999 ('Trade Unions without Borders') and the action plan adopted in Seville 2007.

Mutual aid systems between unions cross border on a bilateral as well as multilateral basis must be further developed, building on existing good practice, and the possibility for wider cooperation under ETUC umbrella must be explored.

30. Free movement of workers is a fundamental right, a freedom and not an obligation. Too often, politicians promote high levels of mobility as an aim in itself. But the EU needs to reflect on how much mobility it really needs. Increased and accelerated mobility levels may also have negative side effects, leading for example to erosion of communities and local cohesion. If people are forced to exchange one precarious job for another one, job mobility is not something to be welcomed. When high skilled workers are forced to move out of poverty, to earn more in another country where they are employed far below their skills level, this is a waste of human capital. Some countries, which instead of investing in employment at home relied heavily on their workers being employed elsewhere, are now faced with return-migration of thousands of workers that they cannot offer proper employment.

The mirror of the freedom to move is the freedom **not to move**. Europe's populations have a right to see their own countries and national stakeholders invest, where necessary with the help of the EU, in a sustainable future at home, which can offer them positive opportunities and incentives for mobility as a free choice.

Mobility in Europe should be **optimized**, not maximized.

31. To safeguard free movement of labour, and get the support of Europe's populations for it, a major confidence building effort must be undertaken. The centrepiece of this effort is, to invest in appropriate forms of protection of workers, to prevent them to turn to protectionism, nationalism and xenophobia.....

Mid-term Conference - May 2009

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THE PARIS DECLARATION OF THE ETUC

Mid-term Conference - Paris, 27-28 May 2009

Europe is now at crossroads. Europe is facing the return of mass unemployment. The coming year will see job destruction on a scale unprecedented since the 1930's yet so far the response of the authorities (both European and national) has not been adequate to meet the size of the problem.

The reason for this surge in unemployment lies in the dominance of the neoliberal economic model over the past 30 years, the collapse of which has caused the economic catastrophe that Europe and the rest of the world are now experiencing. Too many at the top of the overblown financial services sector indulged in a modern day version of alchemy. Long term prudence was ignored as greed and speculation became the order of the day in Wall Street, London and other major financial centres. The result before the crash was rapidly rising inequality, the growth of precarious jobs and pressure to cut the influence of welfare states, worker rights and collective bargaining. Now to that must be added growing unemployment, cuts in public expenditure and a collapse in demand in many countries.

Citizens are looking to Governments through public sector action and to trade unions to restore the democratic balance that had been ceded to the markets. The ETUC is demanding that “never again” must financial capitalism be allowed to inflict a comparable crisis on the world, on Europe and on workers; and that never again can growing inequality receive the encouragement, indifference or neglect of democratic governments.

The ETUC fully supports the international trade union movement's case in fighting the crisis. In this, Europe has an important and specific part to play. The EU is unique in the world in having the capacity for both direct and co-ordinated action in what is the world's

largest single economic entity. It must therefore be a leader, not a follower. Too often, it has seemed to be relegated to a role behind that of major countries. Yet if the EU is not capable of concerted action towards economic and social progress, then its existing major achievements of the single market, the single currency and further enlargement will come under greater pressure as member states seek to develop their own approaches to trade, monetary policy and international relations. The EU should take its responsibilities in relation to Member States under the most extreme pressure and act so as to avoid their having to rely on the International Monetary Fund. IMF intervention should in any event aim at preserving social cohesion, rather than cutting public spending and public services.

The EU must have a convincing approach to unemployment. The ETUC is demanding a New Social Deal in the EU as a driver for social justice and more and better jobs, with the following main points:

More and better jobs: Investment in an expanded European recovery plan to mobilise a new drive for growth and jobs. The ETUC demands the European Council and Commission to draw up a European investment plan totalling an annual 1% of European GDP for the next three years to provide more and better jobs, to promote innovation, research and development to help employment in key industries, to invest in new, green and sustainable technologies, and to sustain high quality public services. Life-long learning and education are key elements in developing more and better jobs. Now is the time for Europe to provide workers with the qualification needed for tomorrow's low carbon economy, within green technology and better qualified jobs.

Stronger welfare systems to provide more security and equality and avoid social exclusion. The ETUC demands a meaningful and a strong European Social agenda: to maintain people in jobs and to ensure protection to all workers as well as an appropriate training, taking into consideration diversity, notably in respect of gender equality, and the need to maintain social cohesion, with robust income and access to public services for all. Social policy and public services throughout Europe must be preserved, strengthened and not be undermined by a rigid implementation of the Stability Pact, forcing premature and important cuts in budget deficits as soon as economic activity stops shrinking. Such cuts would deprive member states from benefiting from economic recovery and damage public services.

Stronger workers' rights and an end to the dominance of the short-termist market principles. Stronger rights, in particular at transnational level, are necessary to stop the trend of rising inequality. The ETUC demands a Social Progress Protocol giving priority to social rights and collective action and a stronger Posted Workers Directive based on equal treatment and respect of the right applying in the place of employment. The ETUC also calls for efficient workers' participation and industrial, economic and social democracy. Stronger workers' rights are especially urgently required to stop the rising use of different forms of insecure, non-standard work. An effective Working Time Directive is urgently needed with no opt outs.

Better pay: stronger collective bargaining. Wage freezes and nominal wage and pension cuts are to be rejected. It is vital as demand collapses to protect purchasing power. The ETUC is therefore seeking a strengthening of collective bargaining and related wage formation instruments with the aim of securing decent minimum wage levels in all European countries and real wage and pension increases to support economic recovery. The European Central Bank (ECB) must also be involved in growth and be committed to full and better employment, not just price stability. The ECB must not seek to influence and weaken wage negotiations by prematurely hiking interest rates as soon as the immediate crisis seems to be over. The ETUC demands an advisory board of European social partners to the ECB.

European solidarity as a protection against the excesses of financial capitalism: Effective regulation of financial markets, a fair distribution of wealth, and no return to casino capitalism or to the 'business as usual' of the past 20 years in financial markets is crucial. The ETUC demands a major increase in European social spending enlarging the activities of the European structural funds, notably the European Social Fund and the European Globalisation Adjustment Fund. Tax competition must also be tackled and tax havens closed because they threaten the tax base of countries and Social Europe. In particular, there is a need to work towards the harmonisation of corporation and other business taxes. A European lead is needed on a financial transaction tax.

It is vital to reinforce the integration of social issues in all European policies and to introduce social provisions in public deals, recognising appropriate collective agreements, making sure that competition is not perverted by social dumping or deflationary

policies, protecting pensions and benefits, and strengthening minimum wages and the coverage of collective bargaining. Europe's social dimension has been too modest for too long. Now is the time to strengthen Europe and to restore its social ambitions.

Over the coming period the ETUC will be developing its strategy further and mobilizing to meet the massive challenges before us, notably towards an industrial policy based on innovation, research and sustainable development. In particular, the ETUC and its affiliates will be acting in support of the ITUC Day of Action on decent work on 7 October. The ETUC calls on the European Council, the new European Parliament and the new Commission to act swiftly. The ETUC calls upon the business community to engage in a social dialogue on such issues and help resolve the crisis.

The twin aims of this Declaration are: **fight the crisis – and win the aftermath**. Its ideas need wide dissemination and debate as the disaster made in the financial world hits Europe hard. But European trade unionism must seize the moment and win a better, fairer society, and a stronger, more integrated, social Europe. The overwhelming participation of workers in the ETUC's demonstrations in Mid-May showed growing support for our agenda. **Affiliated organizations undertake to mobilise behind the Paris Declaration of the ETUC.**

Executive Committee - October 2009

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RESOLUTION ON THE CLIMATE CHANGE, THE NEW INDUSTRIAL POLICIES AND THE WAYS OUT OF THE CRISIS

Executive Committee, 20-21 October 2009

INTRODUCTION

Weeks before the negotiations in Copenhagen on an international framework on the mitigation of greenhouse gas emissions, we find ourselves confronted by three mutually-impacting crises: the ecological crisis as a result of climate change and the loss of biodiversity, the global economic crisis and price instability in raw materials and food. From a trade union perspective, this situation presents itself as one of the largest and most difficult challenges of recent decades.

The European Trade Union Confederation, with its European federations, supports the International Trade Union Confederation's Statement to Copenhagen and also its proposals for G-20 meetings in Pittsburgh and gets involved with it, as an international framework and example of multilateral trade union cooperation and of just transition.

The economic and social crisis has intensified the need to find rapid solutions for agriculture and fisheries as well as rapid industrial solutions to the climate and raw materials crises. Unless addressed, there is a danger of the prolongation and worsening of the economic, social and environmental crises. There is therefore an urgent need to launch the 3rd European industrial revolution based on green (see definition <http://www.ilo.org/integration/themes/greenjobs/lang-en/index.htm>), sustainable and decent jobs and massive investment in low carbon technologies to generate sustainable employment for this and future generations.

This is the general background against which the Copenhagen negotiations will be held.

A SYSTEM MIRED IN CRISIS AND WAITING FOR STRONG REGULATIONS

The European economy is suffering a severe recession brought about by the combined effects of the banking crisis, and the loss of millions of jobs and increase of precarious jobs.

The model of unleashed financial capitalism has collapsed. The world economy is in the deepest recession since the 1930's with the risk to turn into a longer lasting depression associated with high levels of unemployment and major economies falling into a deflationary trap. The causes of the crisis are complex and root in a number of policy failures over the last 30 years, dominated by the neo-liberal dogma. Blind faith in the efficiency and the ensuing deregulation of financial markets made the emergence of a shadow banking system possible that promised to squeeze double-digit returns out of an economic system that is normally growing in the lower single-digit range. Similarly, the linkage between the trend towards deindustrialisation and shareholders' growing demand for quick returns on investments is a fact throughout the OECD area. Subsequent failure in micro-prudential supervision and risk management have been the result of the rapidly increasing number of complex structured investment instruments and other "products" of financial innovation which nobody could monitor.

In addition, the EU has still to address many of the industrial restructuring challenges facing new member states. New investment in low carbon technologies and skills must be accompanied by full consultation and negotiation between social partners, employers and trade unions.

All these points, which the crisis has thrown into sharp relief, have convinced the ETUC that the European Union must promote and implement fresh strategies consistent with a perception of its own economic, social and environmental development, shared internally and negotiated with the rest of the world. It must deliver on and strengthen the commitments it has adopted under the energy-climate package, as proposed in the ETUC resolution in March 2008 (see

www.etuc.org/a/4716). It must put people and the planet first, as stated by the Manifesto of the Spring Alliance (www.springalliance.eu). With millions of workers losing their jobs, this crisis will have dire consequences for working people and their families as well as for their trade unions. This comes after a period of staggering rises in inequality in Europe as wages remained subdued and top pay levels soared.

The ETUC demands:

- To find a way out of the current difficulties and head off any fresh crises, we have to improve European governance, support the ambition of the European recovery, specifically by implementing stronger Community policies in the industrial and research fields, assert a political determination to revise the systems and standards of production, reorient patterns of consumption and reduce social inequalities, redirect growth on to a path of sustainable development, and help to improve international economic and financial governance.
- This ambition derives notably from a European industrial policy based no longer on a cooperative intergovernmental footing, but on a dynamic of Community industrial coordination that will transcend intra-European divisions and the damaging effects of the demands for short-term profitability from industrial investments. This calls for a sweeping democratic ambition. The issue is not to argue the necessity for adapting to the consequences of a globalisation that is as inevitable as it is uncontrollable, but to map out the ways and means that will enable citizens and civil society organisations in the European Union to help to shape their outlines, and to organise and breathe life into the regulations governing them.

BINDING THE ENVIRONMENTAL AND SOCIAL DIMENSIONS: NO RESOLUTION TO ENVIRONMENTAL DEGRADATION WITHOUT SOCIAL JUSTICE

As a confederation of trade unions on the scale of a major player in globalisation and development, it is our view that the Copenhagen negotiations must seek to bring about an ambitious process of transformation, in response to the urgent issue of reducing GHG (green-

house gas) emissions, by calling into question how we produce our goods, how we consume them and how we cooperate internally and with the rest of the world. The ETUC pledges to act as a driving force, marrying together the economic, environmental and social dimensions of that change. For the union movement, strengthening the social dimension of climate policy is of primary importance. For the trade union movement such as ETUC sustainable employment is the supporting pillar of sustainability.

It is critical to review the economic decision-making, organisation and analysis, for the sake of taking account of the long term and marrying the environmental and social sides. With that in mind, the principle of the finite nature of our natural resources, and the idea of their running out, are now key economic constraints.

- Any kind of carbon transition will call for major efforts in R&D, innovation and technological deployments, and the rapid acquisition of new knowledge and skills by the workers, so as to enable technology transfers planned in the framework of cooperative agreements.
- In this field, it is necessary to reinforce cooperation between universities or research laboratories and businesses, but also between businesses and their subcontractors, or even between sometimes competing bodies, and to build new partnerships with local communities: these partnerships play a pivotal role in helping a sector to bounce back and prosper. The development of low carbon products and processes is an opportunity to develop strong cooperation sectorally (in R&D and demonstration as well as vocational education and training), in the context of the fragmentation of the industrial value-chain in Europe.

A FAIR TRANSITION: A MAJOR CHALLENGE FOR EVERY REGION IN THE WORLD

Trade unions and their members are aware that a transition is never a simple process, and that the transition to an economy with low GHG emissions, allowing for ecologically responsible development in an approach seeking social justice represents a huge challenge for every region in the world.

Wherever transitions are badly handled, it is always the most vulnerable people who pay the highest price. Governments must

pledge to promote a fair route for the transition between countries and within each country, for the path of social justice is also the path of effectiveness.

- To provide a stable framework on which governments and businesses can base their strategies and their investments, the agreement coming out of Copenhagen must express a broad and sustainable consensus on both the necessity for ambitious measures to reduce emissions and the determination to seek responsible cooperation agreements on the sectors where decisive breaks with technologies are required. This is the only way that the right to development can be combined with the controlled regulation of the changes affecting industry and employment.
- We reiterate our desire to see the negotiations result in an ambitious, binding and comprehensive international agreement to limit the global rise in temperatures to maximum 2°C, in accordance with the scenarios laid down by the IPCC, reducing at least 25%-40% by developed countries by 2020 below 1990 levels, as stated in the 2008 ETUC resolution. Even if all countries bear some responsibility for reducing the effects of climate change, it is obvious that the greatest responsibility lies with the big industrialised nations when it comes to reducing global emissions of greenhouse gases and framing a global policy on climate issues.

DEVELOPED AND EMERGING ECONOMIES: BEARING COMMON AND DIFFERENTIATED RESPONSIBILITIES

We would, however, point to the fact that a simplistic dichotomy between the developed countries and the developing countries is not satisfactory. Each of these two categories is very heterogeneous, and every country has seen inequalities tending to be exacerbated in recent decades. Above all, such an argument fails to accommodate the big 'emerging' countries whose size gives them characteristics close to those of regions with a sizeable domestic market but where structural social inequalities continue to maintain features common to the developing countries (a large-scale move away from rural areas; informal, underground and/or Mafia-like economies; fragile human rights; corruption tolerated or even institutionalised, etc).

Such countries have also a responsibility and growing capacities in the promotion of forms of sustainable development. In the context of the social dimension, the promotion of the ILO fundamental norms in the world must remain a common objective in order to reinforce the decent work.

We support the Bali Road Map's approach of:

- Measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country Parties, while ensuring the comparability of efforts among them, taking into account differences in their national circumstances (in accordance with the IPCC scenarios, reductions of at least 25%-40% by developed countries by 2020 below 1990 levels);
- Nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner;

GOING GREEN, TRACKING THE CARBON AND AVOIDING CARBON LEAKAGE

Climate change challenges the energy sector directly. The transformation from fossil-based energy production to an energy sector mainly based on renewable energies and energy efficiency is the crucial issue for achieving the carbon reduction aims. Municipal and decentralized structures will replace partly energy production from central plants. This is a crucial challenge for workers in this sector where green jobs can be created. Just transition must mitigate on the other hand the negative effects for employment.

Businesses, and in particular Multinational businesses likewise need to be strongly called to account on climate change questions. This requires reinforcing the social dimension in the design of clean developments projects. One of the key challenges is reducing uncompetitiveness in the short term as a result of the imposition of a domestic carbon price which has to take into account the period of transition towards a global emissions trading scheme. Climate change legislation must contain strong provisions dealing with international competitiveness to avoid "carbon leakage" in order to

ensure that nations that lack a strong emissions programme do not receive an unfair advantage. As already stated in the ETUC resolution of March 2008¹, such provisions should include:

- Social dialogue between government, industry and trade unions at national and EU levels
- Investment in low carbon production technologies and skills
- Free allocations of quotas to energy intensive industries exposed to international competition, provided that they are based on the best available technologies and are complementary and not alternative to a border compensation mechanism to be activated from 2013 if global distortion of competition is not corrected. According to the conclusions of its common report with the UNEP (26 June 2009), this would be compatible with the WTO rules.
- This requires the introduction of genuine carbon traceability for those products covering every stage in their production and transport. The search for international sectoral agreements is the main solution, but carbon traceability constitutes a technical condition for their establishment and a powerful incentive for their implementation.
- The ability of many developing countries and some developed countries (as Mediterranean countries for example) to adapt to the effects of climate change may be boosted in various ways. It implies at the very least the sharing of the scientific knowledge allowing the developing countries to effectively measure and reduce their emissions. It is equally important to try to discourage company relocations and to demand that companies relocating should use the best available technologies. A balance must be

¹ *The ETUC would reiterate that the directive must include an import adjustment system for the energy intensive industries that are exposed to international competition (whether a carbon tax or the inclusion of importers/exporters in the carbon market) with the possibility of activating such a mechanism from 2013 if the other industrialised countries do not regulate emissions in an equivalent way. The impact of carbon pricing on the electricity prices paid by those industries should also be taken into account. Free allocation is supported by the ETUC provided that: a) it is based on the best available technologies; b) it is complementary and not alternative to a border compensation mechanism. In the absence of a compensation mechanism, enterprises could sell their free quotas on the European carbon market and still relocate their production in countries where production costs are lower. The free allocation of quotas would amount to a subsidy to these industries without any guarantee on activity and jobs.* (ETUC Resolution March 2008)

found between the need to rapidly develop and disseminate green technologies globally for social and environmental reasons and the social and economic objectives of those financing the R&D. Technology transfer policies and intellectual property law should take this reality into account. It must be recognised that the emergence of these technologies will depend on coordinated global R&D initiatives.

- The drafting at global level of strategies to drive down carbon emissions is a necessity for example on carbon capture and storage. This is indeed unavoidable in the transitional phase, both in connection with the production of electricity, which will remain partly dependent upon coal and gas, and in connection with the conditions for the survival of and ensuring adequate access to high voltage electricity for many sectors of industry. The deployment of carbon capture and storage depends on certain conditions: coordinated European investment in R&D and demonstration programmes, specific worker training programmes, and initiatives to promote public awareness and confidence which will be best ensured through public regulation of carbon transport and storage facilities.
- Public investment and reorientation of financial flows towards sustainable development are keys. By 2020 developing countries are likely to face annual costs of around €100 billion to mitigate their greenhouse gas emissions and adapt to the impacts of climate change. Much of the finance needed will have to come from domestic sources and an expanded international carbon market, but international public financing of some €22-50 billion a year will likely be necessary. The creation of an international fund and of a European fund to facilitate the development of technologies producing low carbon emissions and of technologies based on energy efficiency and renewable energies in the developing countries, as well as to develop employment policies based on social protection, the promotion of decent work and public services. The Commission has just proposed that industrialised nations and economically more advanced developing countries should provide this public financing in line with their responsibility for emissions and ability to pay. In this line, EU has decided to contribute with €2-15 billion a year by 2020. The ETUC supports this decision but considers that this will not be sufficient in the framework of an ambitious agreement to reach in Copenhagen.

BUILDING STRONG EUROPEAN INSTRUMENTS

The role of the ‘carbon market’ still remains to be clearly and solidly specified. The risk of seeing it besieged by the financial system as is the case with food products and raw materials is real. In no case can it be a reliable and effective allocation mechanism. The stakes are too high and the interconnections too complex to enable a regulation in that area to result fundamentally from a price signal. It is necessary to examine political, economic and fiscal Co2 policies in the EU based on best technologies and not exclusively focused on the market and trade.

This is why the ETUC believes it is necessary:

- to create a European agency charged with setting the benchmarks and the generalised carbon traceability of all products , agency open to the social partners.
- To fix clear rules for the carbon market with appropriate legislative instruments, in order to avoid speculations on rates, and excessively erratic fluctuations, and to forge ties between the European market and the other regional markets. These rules should be enshrined by a directive.

DEVELOPMENT OF NEW JOBS AND TRANSFORMATION OF EXISTING JOBS

While it supports these lofty ambitions, the ETUC is realistic as to the difficulty posed by the transformation of such objectives into political realities. This makes it all the more necessary to carefully define just what is, or should be, covered by the underlying notions in the policies to be developed. The notion of green employment is one of these. The ETUC, believing that the pursuit of the objective of green growth will imply that virtually all jobs will gradually become classified as green jobs, recalls that this classification currently refers all too often to precarious jobs, of low intensity and involving low skills levels, and lacking in attractiveness.

Many industrial sectors represent essential underpinnings for the transition. They must be safeguarded to move towards a low-carbon economy bringing to market new, innovative products which offer improved energy efficiency and generate low carbon emissions. It is illusory, pointless or even actually counterproductive to make distinc-

tions, or worse, conflicts, between what is dubbed the ‘green’ economy and the conventional economy, because crucial links, both economic and industrial, bind them unshakeably together. The new ‘green’ economic sectors in the field of renewable energies could not exist without the participation or the products of the conventional industrial sectors and also depolluting procedures dismantling and recycling industries. Solar technology would be inconceivable without the chemical industry, just as wind power would be inconceivable without steel.

The concept of a fair transition means that the costs and advantages of the decisions taken in the public interest – including the decisions necessary to protect the climate and the planet – must be shared fairly. A fair transition to a low-carbon economy is possible, and it can make climate action into the engine for sustainable economic growth and social progress.

More than the process of job creation or destruction, the transition towards a low carbon economy will transform existing jobs. This is the reason why the path towards a sustainable world economy and the transition to industrial jobs that are more respectful of the environment are closely tied to an effective social and employment policy leading in all sectors to development, recognition and validation of new qualifications and skills of the workers for sustainable production and consumption. Education and training must increasingly factor in environmental aspects such as the promotion of energy efficiency through “greening the workplace” initiatives which promote behaviour change at work, and the use of new technologies, as part of the existing professional training and instruction programmes. This demands substantial investments in educational and training systems, including trade union education programs, as well as in the fields of research and development and innovation.

Some resistance to the measures necessary to protect the climate within the trade union movement is largely attributable to fears of job losses in certain sectors or certain regions. Workers should not have to choose between their jobs and the protection of the environment. This is the reason why ETUC is strongly against such a pressure by enterprises. However, the figures available show that the fights against climate change can potentially have a positive overall effect on employment. The ETUC considers that this fight against climate change needs to be grasped for the opportunities it offers for both the development of new jobs and the transformation of old ones.

- A just transition may be a real opportunity, but we have to explore the conditions making it possible to move to protected mobility in the context of a deeper social dialogue incorporating the sectoral and territorial dimensions.
- The point is to create sustainable jobs and high-quality jobs as part of the new economy. A fair transition will guarantee, for example, the creation of bridges designed to help workers in shrinking sectors to find jobs in expanding sectors, while protecting their wages, their working conditions and their trade union organisations.
- Every workplace can be a green workplace. There is mounting evidence that unions are taking action to tackle climate change. Unions have the proven ability to deliver progressive change on working conditions, safety and equality. Their effectiveness would be greatly strengthened with the provision of more basic entitlements. Therefore, we ask for new and extended rights relating to the protection of health and of the environment at work, and for the provision of training and skills related.
- The priority should be given to energy efficiency, as stated in the ETUC resolution from March 2008 and more recently in the Manifesto of the Spring Alliance. The targets for the reduction of emissions will be hard to attain at a reasonable cost, if energy consumption continues to grow. That is why the ETUC regrets the absence of binding energy savings objectives in the legislative package. Given the insufficient results of the Action Plan for Energy Efficiency adopted in 2006, the European authorities and the Commission should set a legally binding target for energy efficiency by 2020, broken down into national targets, and promote ambitious policies in the transportation and building sectors through a European Renovation and Restoration Plan and a sustainable Mobility Directive.
- The public authorities must be an example in their administrations and public services.

ALL THE COUNTRIES IN THE UNION NEED A EUROPEAN INDUSTRIAL POLICY

The Lisbon strategy has failed to reach its goals, therefore a redoubling of efforts is needed to ensure that the EU is not left behind in the development of new and transformation of existing industries and technologies.

Certain major industrial issues have a strategic character, either for reasons of independence (defence, energy, aerospace) or because of their knock-on effect on tomorrow's sustainable growth (New Information and Communication Technologies, biotechnologies, nanotechnologies, sustainable transport and our energy intensive industries). These strategic sectors of European interest need common interventions (research, infrastructures) and an adaptation of the European framework (regulation, standardisation, competition, etc) to their characteristics: contributing to improvements to the business environment, ensuring greater coordination of economic policies, reassessing and reorienting competition and internal market policies which have absorbed all the energy of the building of Europe.

The need for a new industrial policy is making itself felt today in all the countries in the Union: in those countries which are lagging behind and need major investments in order to modernise, in the powerful industrialised countries which are big exporters but are hard hit by the crisis in some very volatile sectors, in the States with a policy of industrial 'laissez faire', which chose to pin their hopes to sectors which today are permanently tainted with suspicion and mistrust; in industrial States long faced with the need to upgrade their productive apparatus and address the territorial management of its malleability. In this context the states should be able to activate the public investments in order to facilitate the creation of new markets and new employment, investment in our energy and energy intensive industries, to secure their long term future.

Climate change and the economic crisis ramp up even further the urgent need for a transition to a less 'carbon-heavy' economy that will use less energy. At the same time, the impact of the recession is considerably weakening sectors essential to the proper operation of the European economy. The automobile sector, which accounts for 1/3 of industrial employment, is emblematic of this state of affairs.

The recession is facing it with serious short-term difficulties as well as painful restructuring operations.

In this case, and in other similar cases, it is a matter not of artificially helping out 'lame ducks', but of enabling a whole sector, which has performed well overall in comparison to its global rivals, to weather the crisis by technologically and strategically integrating all the dimensions of the transition to a sustainable low carbon economy in Europe.

- An aid plan, negotiated with unions and conditional on the respect of criteria in the allocation of funds, is essential for the short to medium term; both for the sake of not creating distortions within the internal market and for the sake of guaranteeing their effectiveness, these aid packages would benefit from being awarded in a European framework. The Aid plan should be conditional upon the company's achieving a given share of its output with low carbon, socially sustainable goods.
- The European Union must demonstrate leadership and make sure that it has access to the instruments necessary to the organisation of R&D, innovation and investments, education and training, at both sectoral and national level. In many cases it is SMEs within industrial supply chains that bear the greatest burden for R&D and innovation (e.g. over 70% of R&D spending in the automotive sector alone).
- Far greater use should be made of binding standards, public-private partnerships for research, development and demonstration, greater use of green and social procurement criteria to create market access for new technologies, and state aid rules.
- European training programmes on low-carbon technologies need to be swiftly rolled out so as to give workers, technicians and engineers the skills they need. A veritable Erasmus programme should be directed to this end.

MOVING TOWARDS A REAL ANTICIPATION AGENDA IN THE SOCIAL DIALOGUE

Social dialogue needs to move beyond a quality threshold, assert itself as a serious and decisive instrument enabling the interests of all the stakeholders to be brought into a constructive, creative balance. The information/consultation/negotiation procedures and processes at both company and sector level need to be as rich as possible and to interact to deliver mechanisms for anticipation and controlled regulation of the industrial changes and all the elements of industrial policy, as well as verification of the application of the concerted policies.

Job movements will occur across all sectors, but the social transition will need to be anticipated and organised essentially within the sectors, something that automatically makes it more readily achievable.

Anticipation makes it possible to sidestep the two types of stalemate: the resistance to change with no prospect, and passive adaptation to the inevitable. It needs to be perceived as the emergence, in every sector and at every territorial level, of collective players well informed and structured in such a way as to act on the strength of a facility for vigilance and a capacity for construction and evaluation of alternative scenarios.

Forward-looking management of employment and skills is too often restricted to the organisation, just before it is too late, of restructuring operations that are as debatable as they are little debated. This is particularly the case today, when certain groups are using the crisis as a pretext for some dubious restructuring operations.

The ETUC is not naïve. The obstacles we are liable to encounter in the fields raised more particularly by the consequences of climate disturbances are not (and will not be) any different from those currently being encountered in the framework of the changes of all kinds and the restructuring operations they are constantly generating.

Whatever the employers' take on the ecological crisis, the trend towards headlong flight, through a refusal to name the risks will remain a fraught area, and secrecy will continue to be cited for the sake of reducing visibility and opposing transparency. Likewise, the

preference for a non-participative interpretation of corporate governance is encouraged by the fear of the systemic risks and costs of an early announcement. Moreover, investing in active policies to reduce the risks of climate change or mitigating its consequences will remain limited or sensitive to the economic circumstances where it is justified by profitability alone.

On the basis of the fact that the European Union was born out of a transitional Treaty (the ECSC), the ETUC underscores the necessity and the feasibility of setting up procedures and instruments to allow a socially fair and negotiated transition to a low-carbon economy.

- National, regional and sectoral studies on the policies linked to climate change and their impact on employment and labour markets need to be systematically conducted, by consultation with the social stakeholders, and based on widely accepted criteria for assessing the vulnerability of workers, countries and regions.
- Skills monitoring and matching policies should be reoriented towards the anticipation of these changes.
- Creation of a permanent instrument to ensure the anticipation of socio-economic transition is urgently needed, to coordinate existing instruments such as sectoral councils and reinforce dialogue between the social partners and public authorities. The aim being to:
 - to catalogue the areas at risk across all industrial sectors
 - to prioritise these areas from an economic and social policy perspective
 - to develop means of professional and territorial transition as part of a developed social dialogue
 - to respond to socio-economic warnings coming from the social partners.

It will be made up of the social partners and the public authorities, and would receive sustainable development impact studies and will be able to participate in the definition of the specification of legislation as well as the implementation and follow-up.

In this framework the EU must commit itself to the challenges of industrial restructuring with which the new member states are confronted.

- European technology platforms developing low-carbon technological products and processes should ensure the participation of trade unions in their governance systems, their task-forces, evaluations and proposals to anticipation structures as defined.
- Systematic analysis should be performed of how existing European policies and instruments to support the just transition can be mobilized (including structural funds), of the resulting gaps between needs and available resources and institutions, and of the added-value of additional European instruments and institutions.

ORGANISE – EDUCATE -AGITATE

The ETUC demands that workers and their representatives be considered as crucial players with whom the European Union must engage in a dialogue and negotiate the transition to a low-carbon economy that will provide sustainable jobs and social progress.

Therefore, in summary, the ETUC demands:

- An ambitious, binding and comprehensive international agreement aiming to limit the global rise in temperatures to maximum 2°C, in accordance with the scenarios laid down by the IPCC, reducing at least 25%-40% by developed countries by 2020 below 1990 levels.
- An enhanced European contribution to finance the global mitigation of climate change.
- To improve European governance, support the ambition of the European recovery, specifically by implementing stronger Community policies in the industrial and research fields.
- Climate change legislation must contain strong provisions dealing with international competitiveness in order to ensure that nations that lack a strong emissions programme do not receive an unfair advantage:
 - Free allocations of quotas to energy intensive industries exposed to international competition, provided that they are based on the best available technologies and are complemen-

tary and not alternative to a border compensation mechanism to be activated from 2013 if global distortion of competition is not corrected. The introduction of genuine carbon traceability for those products covering every stage in their production and transport. The search for international sectoral agreements is the main solution, but carbon traceability constitutes a technical condition for their establishment and a powerful incentive for their implementation.

- To create a European agency charged with setting the benchmarks and the generalised carbon traceability of all products. This agency should be open to social partners.
 - To fix clear rules for the carbon market with appropriate legislative instruments, in order to avoid speculations on rates, and excessively erratic fluctuations, and to forge ties between the European market and the other regional markets. These rules should be enshrined in a directive.
 - To promote global and coordinated R&D initiatives, to share scientific knowledge, to develop and to spread green technologies in the whole world through policies of technological transfers and through rules on intellectual properties, also taking into account the social and economic objectives of those financing the R&D dedicated to green technologies.
- A European low carbon industrial policy based on a dynamic of Community industrial coordination that will transcend intra-European divisions and the damaging effects of the demands for short-term profitability from industrial investments.

JUST TRANSITION AND HIGH QUALITY JOBS

- A European low carbon transition strategy must be based on Just Transition principles: dialogue between Government, industry and trade unions and others on the economic and industrial changes involved; green and decent jobs; investment in low carbon technologies; new green skills
- National, regional and sectoral studies on the policies linked to climate change and their impact on employment and labour markets need to be systematically conducted, by consultation with the social stakeholders.

- At European level the creation of a permanent instrument to ensure the anticipation of socio-economic transition is urgently needed, to coordinate existing instruments such as sectoral councils and reinforce dialogue between the social partners and public authorities. In this framework the EU must commit itself to the challenges of industrial restructuring with which the new member states are confronted.
- This coordinating instrument would receive sustainable development impact studies and will be able to participate in the definition of the specification of legislation as well as the implementation and follow-up.
- European technology platforms developing low-carbon technological products and processes should ensure the participation of trade unions in their governance systems, their task-forces, evaluations and proposals to anticipation structures as defined.
- The creation of an international fund and of an European fund to facilitate the development of technologies producing low carbon emissions and of technologies based on energy efficiency and renewable energies in the developing countries, as well as to develop employment policies based on social protection, the promotion of decent work and public services.
- Green growth based on maintaining and creating high quality jobs and social progress, across the whole economy:
 - A much stronger social dimension in European policies towards the development of low carbon industrial strategies and the development of industrial policies is urgently needed through a modern demand-side European employment strategy guaranteeing job creation and protected mobility not a strategy based solely on labour market deregulation.
 - Skills monitoring and matching policies should be reoriented towards the anticipation of these changes.
 - A fair transition guaranteeing the creation of bridges designed to help workers in shrinking sectors to find jobs in expanding sectors, while protecting their wages, their working conditions and their trade union organisations.

- Every workplace can be a green workplace. There is mounting evidence that unions are taking action to tackle climate change. Therefore, we ask for new and extended rights relating to the protection of health and of the environment at work, and for the provision of training and skills related.

I. INTRODUCTION

Since Spring 2009, the previously steep decline in EU output has been decelerating. Yet this does not mean that the crisis is over – the world economy is still in the middle of the most serious financial crisis and the real economy in Europe is facing the deepest recession in 60 years. At this moment where policy makers and economic forecasters are identifying “green shoots”, pointing to an earlier recovery than envisaged a few months ago, the unprecedented rise in unemployment rates is only slowing down, but far from stabilising or even falling. A further deterioration in employment and labour market conditions lies still ahead of us, and, according to the latest OECD and IMF forecasts, the pace of the recovery is likely to be modest for some time to come. High and rising unemployment, stagnant or falling labour income, coupled with ample spare capacity and structural corrections in member states is keeping aggregate demand depressed. Workers and their families are paying a triple bill for a crisis they have no responsibility for: as job holders who are facing unemployment; as taxpayers who are facing higher taxes for less public sector services; and as parents who are facing less quality in education and training for their children.

The pre-crisis concept that profits in the financial sector could grow at double digit rates while overall economic growth remained in the lower single digit range, has proven unsustainable. While it is true that financial markets have stabilized, this is largely because of the huge bail-out programmes that governments have put in place since last autumn. Banking system losses have effectively been nationalized i.e. socialised, whereas bank executives and shareholders continue to reap the benefits of the global casino with no participation in the cost of the economic catastrophe that Europe and the rest

of the world are now experiencing. The financial sector lobbies appear stronger than ever at a time of enormous losses in general welfare. In light of this, the relatively moderate policy recommendations of the de Larosière Group, published on 25 February and broadly adopted by the Commission on 27 May, risk further weakening in the legislative process ahead.

The central lesson from the allegedly ‘unforeseeable shockwave’ of Lehman Brothers’ meltdown must be for European policy makers to limit the size and weight of financial institutions such as they can no longer become “too big to fail”, requiring further bail-outs and recapitalisation at the expense of taxpayers. Yet this is exactly what has happened over the past 12 months. Secondly, there are historical lessons that policy makers must draw from the crisis of the 1930’s and the Japanese experience of the 1990’s: the pace of return to previous levels of wealth will remain moderate as long as the casino remains open and financial sector damage unrepaired. Financial recovery and real recovery go together so that, as policy in Sweden in the 1990’s has shown, potential growth be restored to pre-crisis levels.

Important financial centres are lobbying massively to minimise any EU initiatives to introduce regulation, notably on hedge funds and private equity. There is a clear need to campaign for a robust regulation at international and EU level. The ETUC supports the campaign “Europeans for financial reform” organised by the Global Progressive Forum. Co-founders of the campaign are PES, S&D Group, ITUC, UNI, Solidar and FEPS. Themes of the campaign are: (1) New rules for the financial system, (2) restoring publicly accountable authority over global finances, (3) control executive and shareholders remuneration and decent salaries for workers (4) protect public finances, (5) protect consumers against toxic financial products and (6) bring banks back to basics. The campaign has been launched on 21 September 2009.

A first background document on EU policy towards financial market regulation was discussed at the meeting of the ETUC Executive Committee on 8 July 2009. This resolution puts forward concrete proposals and sets out the ETUC policy views on the necessary regulatory measures to prevent further financial crises to occur and recent legislative proposals of the Commission in that respect. It draws on cooperation with affiliates, UNI Europa, ITUC and TUAC, and on monitoring the debate on financial market regulation at the level of the G20.

II. FIGHTING THE CRISIS - POLICIES FOR A SUSTAINABLE FINANCIAL SYSTEM

For the ETUC, the provision of finance is a global public good and has many features of a service of general interest. A new and sustainable growth model must reassign a commensurate role for finance in society and the economy. Responsible financial governance needs government and a reversal of the “quiet coup” (Simon Johnson, former IMF chief economist) through which finance has accrued too much economic and political power. Trade unions expect governments to be accountable to workers and their families in solving the crisis. They must take their role back from the self-referential elitist networks of financial institutions and state bureaucracies who over the past 20 years have successfully imposed their neo-liberal agenda of deregulation and privatisation.

Urgent action at EU and the wider international level in the framework of the G20 is needed to ensure that the national, European and global regulatory architecture provides for a banking system that delivers stable and cost-effective financing for the real economy, enhancing growth, stabilising macro-economic volatility, and allocating finance to socially beneficial use. A robust regulation of financial markets must therefore cover:

- sufficient enforcement powers of supervisory authorities
- regulation of hedge funds and private equity groups,
- regulation of rating agencies,
- abolishment of tax and regulatory havens,
- taxation of financial transactions, at least at European level,
- sufficient capital reserves requirements and standards,
- remuneration and bonuses schemes which reflect long term and sustainable performance,
- protection of working families against predatory lending and miss-selling of risky financial instruments,
- encourage the diversity of the financial service sector through a functional separation of institutions and
- democratisation of finance through high standards of social dialogue and the involvement of trade unions at all levels.

However re-regulating finance will not be enough to restore social justice. Those who are responsible for the crisis through irresponsible collective behaviour will have to bear a good part of the burden that our societies will have to carry in the future. The ETUC demands the application of the ‘polluter pays’ principle to financial markets through means of a Financial Transaction Tax (FTT) at EU level and beyond.

A carefully designed tax on financial transactions with a low marginal rate would make these more expensive and would thereby dampen those transactions and contribute to a stabilisation of the prices of shares, commodities and exchange rates. Speculative trading would be the hardest hit, with short-term investors paying higher taxes due to their higher transaction frequency, without penalising sensible real economy related transactions. At the same time, significant tax revenue could be generated, which could be used to support social policy at European level in the aftermath of the crisis.

Taxes on financial transactions in individual European countries are not a novelty (e.g. “stamp duty” in the UK), nor are harmonised taxes at European level: Value Added Tax or taxes on savings are examples for effectively introduced regulations at the European level. A Europe-wide tax on financial transactions would be applicable to all traders and not to countries and as such independent of the location of prominent financial centres.

The Pittsburgh G20 Summit mandated the IMF to prepare for the next summit a report on instruments to make the financial industry "a fair and substantial contribution toward paying for any burdens associated with government interventions to repair the banking system" (para 16 of the Leaders Declaration), which the advocating governments regard as an important step towards a global FTT. Notwithstanding the global debate, the European Union, as an important economic entity, is perfectly able to introduce such a tax on its own.

Liberalisation of financial markets and modern communication technologies have made it considerably easier for individuals and corporations, including from the financial sector, to go “off-shore” to evade taxes legally due. This, combined with the lack of transparency and effective cooperation between tax administrations, has made offshore non-compliance easier. The ETUC is firmly opposed to tax

havens and ‘competitive tax regimes’. Good governance in the field of taxation must be the rule.

The ETUC fully endorses the global trade unions’ five point strategy to deal with the crisis and beyond to build a fairer and more sustainable world economy for future generations. The strategy has been put forward to the G20 group and calls on policy makers to:

- implement a coordinated international recovery and sustainable growth plan.
- make the “green economy” investments that can move the world economy onto a low-carbon growth path,
- establish new rules to control global finance,
- build effective and accountable global economic governance,
- make the world economy a fairer place to work and live in.

(Global Union Statement to the London G20 Summit)

Since the inception of the G20 summits in November 2008, considerable steps have been made at that level on building a system of effective global economic governance. Yet as the leaders in Pittsburgh stated themselves, far more needs to be done to protect jobs, consumers, depositors, and investors in the real economy against abusive market practices of finance, and help ensure the world does not face a crisis of the scope we have seen.

While the immediate and internationally coordinated crisis management by governments has proven successful in avoiding the worst, the same cannot be said of governments’ resolve to tackle the structural flaws that have led to the crisis. Among many European policy makers, the origins of the crisis are regarded as if they had come over Europe from a distant planet or as an unforeseeable natural disaster. However global and intra-European macro-economic imbalances and ensuing capital flows, massive shifts in income distribution within and between countries over the last two decades, the leveraging of the world economy by many non-banking institutions on the periphery of prudential regulation and the explosion of credit derivative markets, as well as regulatory arbitrage appear among the root causes of the crisis.

The ETUC therefore insists that implementation of the commitments made at the G20 meetings since last year must be sped up on a number

of key issues, including regulation of hedge funds, private equity firms and other private pools of capital, derivatives and securitised products. The scandal of bankers and traders' multi-billion bonuses that erupted during the summer 2009 illustrates the need for urgent action that goes well beyond the commitments made in Pittsburgh.

The ETUC expects of governments to implement high quality standards that ensure a global level playing field for a new financial system and eliminate regulatory arbitrage. The neo-liberal creed of fundamental financial market efficiency must no longer prevail. Europe must go ahead in internationally coordinating effective reform and rebuild prosperity for all through coherent economic, social, and environmental strategies that put people first.

III. RE-REGULATING FINANCIAL MARKETS

1. MACRO-AND MICRO-PRUDENTIAL SUPERVISION AND CONTROL

On 23 September, the Commission adopted a package of legislative proposals covering macro and micro prudential supervision and control. This draws on the Communication of 27 May 2009 on Financial Supervision in the EU, describing in detail how these recommendations could be put into effect (COM 2009, 252 final), and proposing two pillars of reforms to the current architecture of financial services committees. A first discussion of this took place in ECOFIN and the European Council in June, demanding that the new framework would be fully in place in the course of 2010, and a second discussion in ECOFIN on 1-2 October. The package contains the following regulations:

- Proposal for a regulation on Community macro prudential oversight of the financial system and establishing a European Systemic Risk Board (ESRB), on which a political agreement is expected to be reached until the end of 2009 under Swedish presidency;
- Proposal for a decision entrusting the European Central Bank with specific tasks concerning the functioning of the European Systemic Risk Board;
- Proposal for a regulation establishing a European Banking Authority (EBA);

- Proposal for a regulation establishing a European Insurance and Occupational Pensions Authority (EIOPA);
- Proposal for a regulation establishing a European Securities and Markets Authority (ESMA)

At the core of this stands the creation of a European Systemic Risk Board (ESRB) for the surveillance of systemic risk at macro level, reporting to the ECOFIN Council and the European Parliament, and the establishment of a European System of Financial Supervisors (ESFS) for the supervision of financial institution at micro (company) level, composed of both national and EU level supervisors for banks, insurance, occupational pensions and securities. According to the Commission's plan, oversight of specific financial institutions should remain in the hands of national watchdogs, but three new EU authorities will be set up to better coordinate supervision of both national and around 40 cross-border banks and insurance companies which alone hold 70 per cent of EU deposits. The three authorities will be a European Banking Authority, a European Insurance and Occupational Pensions Authority and a European Securities Authority, replacing and renaming the existing EU committees (but not national authorities) supervising EU banks, insurances and securities (CEBS, CEIOPS and CESR).

ESRB and ESFS should cooperate closely and interact in exchanging information between the micro level and macro analysis. Their main functions would be to:

- develop a single set of harmonized rules,
- improve the supervision of cross border institutions,
- help settle disputes between national supervisors,
- have full supervisory power over certain entities such as credit rating agencies and pan European clearing systems,
- collect relevant micro prudential information from national authorities and
- improve co-ordination in a crisis

The ETUC strongly welcomes the provision in article 22 of all three regulations concerning the ESFS to establish stakeholder groups for EBA, EIOPA and ESMA. Employee representatives are specifically

mentioned to take part in these, next to consumers and other groups of stakeholders. Stakeholder groups will be given consultative rights on matters relating to technical standards in Community law (art. 7) and guidelines and recommendations to national supervisory authorities or financial institutions (art. 8). These legal provisions mark a positive step compared to the Communication of May and constitute progress towards more transparency in a formerly closed community of supervisors.

However, more needs to be done to achieve real workers' participation in systemically important areas of finance. The central role of employees in the finance sector for the reform of the finance sector should be more seriously taken into account. The ETUC supports the suggestion of UNI Europa Finance that the top-down approach should be complemented by a bottom-up approach that puts the factor "employees" into equation of financial regulation, supervision and risk management. Supervision and control must not solely be left to the closed community of elitist financial networks, economic 'experts' and state bureaucracies. Those affected groups who bear the economic and social risks of the crisis with no responsibility for it whatsoever -trade unions and other civil society organisations, in particular women's organisations, must get involved. The ETUC demands a seat in the European Systemic Risk Board.

The Commission proposal has several other important flaws. The ESFS authorities would be based at three different locations – London, Paris and Frankfurt. Moreover, in ruling out the ambitious idea of establishing a single EU supervisor with binding powers, the EU supervisory landscape would remain fragmented across member states and the EU as well as across functions. Furthermore, as experience e.g. with HRE's foreign subsidiaries in Ireland has shown, national authorities do not have the ability to foresee and to handle a cross border financial crisis efficiently and in a coordinated manner. While in the event of disputes between national agencies, the three ESFS agencies shall be given the power to impose binding agreements; this does however not apply to any dispute that might have fiscal consequences. This watering down is the result of UK opposition and severely impacts the crisis resolution and co-ordination powers of these institutions.

While the ESRB will not have any legally binding powers, the Commission expects it to exert influence through the quality of its

analysis and by the virtue of its high-powered membership. The ETUC would prefer clear enforcement power to the ESRB over the failed model of self-regulation of finance.

The ETUC firmly believes that Europe can not limit itself to coordinate national financial markets' regulatory authorities. The regulatory framework as well as scope and quality of regulation must be strengthened at European level. Europe needs a transparent and publicly accountable Financial Supervisory Authority under the auspices of the ECB, with effective executive powers over banks, insurance companies and other financial institutions.

It is a positive step forward that the new European authorities will be able to coordinate and intervene, however in the likely event of conflict between national authorities on burden sharing this may turn out insufficient. A mechanism of burden sharing between national authorities must be put in place; the Directive would have to clarify this. As the new European financial supervisory framework is currently conceived, both ESRB and, more importantly, ESFS may at best function as early warning systems. Until the establishment of a single EU supervisor, the European Supervisory authorities must be given binding decision-making powers over national supervisors if they fail to meet their obligations deriving from European law.

In the current situation, the most important task of an EU Financial Supervisory Authority would be to undertake EU wide stress tests through a generalised and non-discriminatory insight in the books of banks, insurances and other financial institutions. This would pursue the objective to restructure the financial sector so as to put it back on a healthy basis. In the IMF Global Financial Stability Report of October 2009, estimates of global toxic assets were boosted to \$ 3400 billion of which \$ 814 billion originate in eurozone and \$ 604 in UK banks. This compares to \$ 463 billion that banks and insurance companies in Europe have so far acknowledged in write downs. More than half of European banks' expected losses have still not been recognised, of which € 330 billion will incur by the end of 2010. Many banks in the EU are de facto insolvent and most of them need to clean-up their balance sheets. The reason why not all member states have undertaken stress tests of their financial institutions (or made public parts of their results) is simple: for fear of resuscitating uncertainty provoking another collapse in confidence, but not least also for fear of competitive disadvantage vis-à-vis other countries.

Open bank insolvency has been avoided largely by transferring toxic assets to bad banks or government entities, yet this has not led to the desired results as banks are still not lending money as they should. Government subsidies for private bad banks, or public bad banks to clean up private banks' toxic assets, will result in high cost for workers and taxpayers for transferring money to troubled banks. All subsidies and transfers should be transparent, and public/private bad banks are not. Despite of enormous liquidity provisions to banks, credit conditions have worsened considerably, in particular for SMEs, and in some member countries, industry has issued serious warnings against a possible credit crunch. At this juncture and as the case of Japan in the 1990's has shown, the financial and economic crises risk nurturing each other pushing the economy into a double-dip recession. The resolution of the banking crisis is therefore an urgent prerequisite for pulling the economy out of recession. Instead of relying as it does on a voluntary approach, governments across the EU should force assisted banks to cooperate by opening their books, and should take equity stakes in banks as a means of financing restructuring through debt for equity swaps, effectively putting insolvent banks under public receivership or, as some might say, nationalisation. Again, the ETUC believes that these principles would best be agreed on at EU rather than national level.

In this context it is significant to note that there is neither a common definition of systemically important financial institutions nor plans for a special regulatory regime for them in the EU. The ETUC demands the EU to draft regulation on a consistent and credible system of burden sharing, in particular through an EU wide bank deposit guarantee reinsurance fund, which should be financed by, and be mandatory for all cross-border financial institutions and would have to step in when emergency rescue is required.

Investment and commercial banking must be clearly separated and the size of financial institutions limited through the use of anti-trust or competition legislation. Financial sector reform in the field of systemically important financial institutions must not be restricted to banks but encompass any institution, including hedge funds and non bank finance companies (such as finance subsidiaries of industrial firms) as being systemically significant to leave no loopholes in a strict regulatory regime whether it is otherwise regulated or not. The reform must apply regulatory restrictions across the corporate

structure including holding and subsidiary companies. It is therefore of utmost importance to provide for qualifications in the upcoming legislative process that conduits and special investment vehicles are covered by the regulations, which currently they are not.

At international level, the ETUC expects from the Commission and member states to play a leading role in constructing a new global, transparent and accountable financial architecture, involving the Financial Stability Board, the G 20, the IMF and the World Bank as well as the ILO. On both the European as well as the international level, social partners have to be closely involved. A reformed rather than just renamed Financial Stability Board (FSB) must open up to dialogue with those stakeholders who are directly impacted by the financial system – notably workers, including workers in the financial sector, and trade unions – who can bring a “bottom up” approach to financial reform in the construction of a new global financial architecture so as to make it transparent and ensure that a crisis on this scale never happens again.

2. REGULATION OF HEDGE FUNDS AND PRIVATE EQUITY

On 30 April 2009, the Commission adopted the Alternative Investment Fund Managers Directive (AIFM (COM 2009, 207 final)), a mild set of rules for hedge funds and private equity firms, requiring mandatory registration and disclosure of their activities to regulators, while at the same time easing their access to European markets. The obligations are not applied to the funds themselves, but only to their managers. The proposal has several important flaws and spares hedge funds and private equity from tight regulation. It is also much weaker than the European Parliament has asked for with cross-party majority in two resolutions in September 2008. Since many alternative investment funds are not domiciled in the EU and others will be able to become non-EU domiciled in order to avoid the directive, the proposal creates an immediate potential loophole.

A major problem of the proposed directive is that it focuses on issues relating to macro-prudential risks and does not address the risks to the real economy caused by the operation of alternative investment funds. This is a serious problem; in the current economic climate, private equity portfolio companies’ high debt levels, inherited from the highly leverage deals attached to their purchases,

make them especially vulnerable; according to Standard&Poors, more than half of corporate defaults in the current year involved former or current private equity portfolio companies. It is therefore more than surprising that the directive contains no provisions to restrict leverage levels for future transactions. Furthermore, the draft doesn't address the concerns that have been raised by ETUC and affiliates several times about the impact of private equity buyouts on employment conditions and levels for workers in portfolio companies. The resolution of the European Parliament recommended extending the protections of the Acquired Rights Directive to takeovers by share transfers, which would include private equity buyouts. Instead of establishing effective and sufficient rules, the Commission gives a helping hand to this under pressure of a € 2 trillion industry. ETUC and affiliates will have to work hard to get significant improvements during the legislative process. The Parliament has appointed Jean-Paul Gauzès as rapporteur and a draft report is announced for end of October followed by a first exchange at the Economic Committee on 6 November 2009.

Although the draft directive does indeed list some of the risks that are associated with AIF's, it fails to address them comprehensively, in particular with regard to highly leveraged hedge funds (HF) and funds of funds. One might argue that proper regulation of capital requirements for banks would be sufficient to prevent excessive lending to HF by the banks' own prime broker institutions, however the crisis has shown that the limits between banking, brokerage and AIF's have become increasingly blurred. Financial institutions must be functionally separated, which in turn requires specific regulation of AIF's.

The ETUC insists that regulation of HF and PE must avoid the creation of loopholes: it needs to be "all encompassing" and, as a principle, must not have any 'de minimis' exemptions. The ETUC demands that the threshold of AIF covered by the Directive, currently at €100 million for HF and €500 million for PE funds, is set to Zero.

Both fund managers and funds need to be covered, in particular as offshore funds are most often used for tax and regulatory arbitrage reasons. The right territorial criterion to use when determining which fund manager or fund should be registered is not only the location of the entity (as it may easily be relocated offshore) but the location of the final investors.

The ETUC demands the following improvements to the current AIFM to more comprehensively address the associated risks of AIF's and the purpose for this regulation:

- Addressing pro-cyclicality in a downturn, it is significant that article 11 (4) of the directive de facto bans naked short selling. The ETUC welcomes this move but believes the formulation should become more explicit -AIF's have largely contributed to both asset price inflation and deflation.
- The directive should replace member states' current frameworks, and impose minimum standards in return for passport access for both AIF and AIFM, thus promoting the single market.
- Require equivalence of legislation before allowing non-EU funds access to EU markets.
- Liquidity and capital requirements and leverage caps to make individual alternative investment funds more robust and additionally reduce systemic risk and promote financial stability. Art. 25 (3) should include a provision connecting stricter caps on leverage according to the size of the AIF, effectively limiting the size of AIF
- Funds should be brought onshore. This combined with registration of investors will help promote transparency and sound regulation, minimise tax avoidance and tax evasion, and reduce the possibility of regulatory arbitrage to provide a global regulatory floor for AIF's.
- Insistence on the regulation of both funds and fund managers to minimises loopholes that would otherwise be exploited. Art. 2 should specify that institutions that are left out of the scope of this Directive pursuant to article 2 (2) a-g shall, for those AIF's they market in the Community, fully adhere to the requirements in articles 19 – 30, that relate to transparency, leverage and controlling influence of AIF's. Otherwise loopholes could arise because the directive, by exempting some institutions from the directive, implicitly also exempts them from the obligations at the level of AIF's.
- Comprehensive and regular reporting and increased transparency to help systemic risk oversight, allowing better due diligence, improving investor protection and promoting market integrity.

- Improving the regulation of operations including through the provision of independent valuation, better depository management, limits to delegation, better risk management and more diligent conduct of business. This will significantly reduce the risk of failure of funds and increase confidence in the system. This provides better investor protection and is good for systemic stability. The present text of the AIFM directive intends to remove the valuation function outside the AIFM to maintain independence. On the other hand this does not by itself guarantee better valuations. The valuating agency should be sufficiently equipped, capable, licensed, and supervised.
- Limit the exposure of public interest entities such as pension and insurance funds to AIFs to help protect consumers and retail investors from risks they do not understand and should not be exposed to.
- Monitoring, and when necessary regulating the exposure of systemically significant institutions, such as prime brokers and banks, to alternative investment funds, especially leveraged hedge fund and private equity firms, to help limit systemic risk. This also provides an indirect backstop in case direct regulation of the AIF's fails for some reason.
- Close tax loopholes such as the treatment of carried interest as income, which allow fund managers and investors to get away with paying lower tax rates than ordinary citizens.
- End overtly generous and asymmetric compensation structures which incentivize excessive risk taking. This will help improve investor protection, reduce social externalities and tackle systemic risk. The remuneration policy of the AIFM shall be such that it does not encourage risk-taking disproportionate to the risk profile of the AIF's it manages – as disclosed to its investors pursuant to art. 20 (1). The remuneration policy shall be so that the independence of the risk function, the compliance function and the valuation function is maintained.
- Improve corporate governance for a longer term perspective in activist hedge funds.
- Limiting asset stripping, controlling leverage and consulting workers will help improve financial stability as well as limit social

externalities such as bankruptcies and associated job losses in private equity owned and controlled companies.

- AIF's acquiring companies should consult with employees and their union's representatives prior to takeover, during ownership and on the sale of the company acknowledging their role as legitimate stakeholders in the investment. Suppliers should also be consulted. AIF's should recognise and abide by existing collective agreements.

3. REGULATION OF CREDIT RATING AGENCIES (CRAs)

CRAs contributed significantly to the current problems in the financial markets. They clearly underestimated the risk that the issuers of complex structured financial instruments may not repay the debts. Advising bond issuers and subsequently giving the highest possible ratings to many of those complex instruments without assessing properly or at least publicly acknowledging the risks can be attributed largely to a conflict of interest. The main CRAs are US-based private profit companies with no public accountability or general welfare considerations. Their revenues came from the very financial institutions seeking to sell their structured products, many of which were quickly revealed to be 'toxic'. As market conditions were worsening, CRAs failed to reflect this promptly in their ratings. As a result, credit was granted even if it would not be justified by economic fundamentals, adding pressure to the financial bubble.

Based on a Commission proposal for a regulation (November 2008), the European Parliament and the Council agreed on the proposal on 23 April 2009. It sets up an obligation for all CRAs operating in the EU to register and comply with a set of rules. The approved provisions aim at enhancing transparency, independence and good governance of credit rating agencies, thus improving the quality and reliability of credit ratings and consumer's trust. The main objectives of the regulation are:

- to ensure that credit rating agencies avoid conflicts of interest, CRAs may not provide advisory services. Long lasting relationships with the same rated entities may compromise independence of those analysts in charge of approving credit ratings. Therefore, the regulation proposes that those analysts and persons approving credit ratings should be subject to a rotation mechanism;

- to increase transparency by setting disclosure obligations on the models, methodologies and key assumptions on which CRAs base their ratings;
- to ensure an efficient registration and supervision framework at EU level through a strengthened Committee of European Securities Regulators, i.e. the future European Securities and Markets Authority (ESMA);
- to improve the quality of the methodologies and the quality of ratings.

Enhancing independence and transparency of credit rating agencies is a positive step forward; however registration should not be left to national authorities. The ETUC believes that stronger rules are needed to clearly separate consulting from rating through ‘Chinese wall’ regulation. Transparent rating of assets and liabilities is a public good in open and transparent markets. Going further than the adopted regulation, the ETUC strongly advocates the EU to set up a public and independent, European non-profit organisation CRA, funded by the European budget under the supervision of a single European regulator. An advisory or supervisory board to this should include members from the EP, ETUC, BE and civil society organisations. Existing private CRAs should be held liable for the economic damage they are responsible for.

4. FOR A FULL REVISION OF THE CAPITAL REQUIREMENT DIRECTIVE (CRD)

European legislation on capital requirements has so far remained work in progress. Rules on capital standards and the possible utilisation of capital are listed in the Capital Requirement Directive (CRD) of 2006, which transposes the Basel II framework accord on credit institutions’ capital adequacy into EU law and which is currently under revision. In parallel, the Basel Committee is currently working on a review of the definition of regulatory capital and of the minimum capital requirements. After the passing of the Solvency II directive in April 2009, the EP on 6 May 2009 adopted amendments to the credit requirements directives 2006/48/EC and 2006/49/EC, with regard to banks’ exposure to risks, hybrid capital, banks’ exposure to investment funds and risk management for securitised products. On 13 July, the Commission adopted further amendments to the CRD which cover

important areas of banking that are held responsible for much of the irrational exuberance in financial markets, namely capital requirements for securitisation and the trading book, as well as disclosure of securitisation and supervisory review of remuneration policy:

- Investment in "re-securitised products", in which multiple financial assets – such as mortgages – were pooled to form securitised financial products to be later sold to investors. Already securitised products were further combined and packaged into a single investment for resale which ultimately became impossible to understand for most market participants. Banks holding these highly complex products had insufficient capital to cover the huge losses incurred when the value of the underlying assets plummeted. Failure to disclose investments in securitised products undermined confidence as market participants became uncertain about banks' financial positions;
- Bonuses and executive pay: banks' remuneration policies have been based on perverse incentives geared to short-term success at the expense of long-term profitability and, in some cases rewarded outright failure. This has fostered a culture of excessive risk-taking. With the proposal, supervisory authorities are enabled to impose capital 'sanctions' on financial institutions, the remuneration policies of which are found to generate unacceptable risk. It is in line with the principles outlined in the Recommendation on Remuneration in the financial services sector (COM 2009, 211 fin) (see III. 6 below).

This first part of the revision process constitutes a positive step in the right direction. It has led to agreement on: -an increase (near doubling) of the amount of capital held against the trading book; - higher capital (almost trebling) to be held against re-securitizations; - a more rigorous capital adequacy regime for off balance sheet exposures; -the establishment of supervisors' colleges for the 40 largest cross border institutions operating in the EU, albeit their limited margins for manoeuvre (see above). However in addition to strengthened capital adequacy requirements for trading, securitisation and structured products, off balance sheet exposures and accounting as well as a regulation of incentives and limits to managers' compensation, further revisions of the CRD are required. It is important – when regulating incentives and remuneration structures in the finance sector – that it is without prejudice to the social

partners' right to collectively bargain. This must be specified in the Directive itself and not only in the preamble.

For the ETUC, a forced reduction in the size, complexity and functionality of systemically important financial institutions, e.g. through variable taxation rates or capital requirements, would be equally important steps to stabilize the financial sector. Re-establishing a functional separation should lead to a more diverse banking landscape and smaller institutions that are closer to their clients. These would offset some of the huge employment losses in the banking sector and at the same time better respond to investment financing needs of the real economy than big conglomerates that easily become "too big to fail".

However, some member states and the UK in particular have explicitly rejected any such restrictions. It is therefore even more important to impose limits to borrowing and leverage of financial institutions so as to limit their appetite for risk exposure and increase their capacity of risk absorption.

Strengthening capital requirements must be co-coordinated internationally, at the level of the Basel based institutions, the Basel Committee on Bank Supervision and the Financial Stability Board, for many financial institutions operate globally and competition between the main financial centres would make it difficult for one country to go alone. Europe must speak with one voice in the negotiations.

Furthermore, the amount and variation of capital so as to reduce pro-cyclicality of capital, and the quantity and quality of liquidity buffers need to be included. The EU should not wait for an agreement on international guidelines to be reached before moving on its own legislative process.

As important as raising capital buffers generally is to ensure that they vary anti-cyclically, with the aim of reducing the pro-cyclicality of bank lending and risk taking. Enabling the authorities to increase capital requirements in an asset-specific way would enable them to target bubbles in specific sectors of asset classes, thus avoiding the difficult choice for monetary policy of deciding whether to choke off a bubble by raising the general level of interest rates, which impacts negatively on the entire economy. This is particularly valuable in the euro area with a one-size-fits-all monetary policy for economies that can be experiencing very different cyclical and financial conditions.

As far as accounting rules are concerned, the ETUC strongly advocates changes in the IFRS and US GAP standards which promote pro-cyclical mark-to-market accounting. In cases of important divergence between the purchasing price of an asset and its book value, methods of long-term, sustainable accounting should take preference for the lowest value.

ETUC supports the proposal put forward by UNI Europa Finance in April that colleges of supervisors should systematically include into their risk assessments experiences and information gathered by workers in finance institutions on the negative and positive impact of internal operating procedures and actual practices in companies. Furthermore ETUC supports UNI Europa Finance proposal for a charter on responsible sale of financial products. To minimise risk deriving from inappropriate business practices, each bank and insurance company should have a charter on responsible sale of financial products. The charter should make the company's principles explicit, public and verifiable as to selling products and services as well as relevant work practices. A key objective is to stop predatory sales practices and excessive risk taking. At the centre of the financial business should be excellent customer services (for more details see: UNI Europa Finance, Contribution to the European Commission's consultation on financial markets supervision, April 2009).

5. DERIVATIVES AND OTC TRADE

On 3 July, the Commission adopted a Communication on Ensuring efficient, safe and sound derivatives markets. The collapse of large banks in the US and Europe has highlighted the significant role played by derivatives in general and Credit Default Swaps (CDS) in particular. The risks associated with CDS are especially present in the 'over the counter' (OTC) derivative markets which are characterised by non-transparent, private contracting with limited public information, and a complex web of mutual dependence. They have largely undermined financial stability and contributed to uncertainty.

At the peak of the financial bubble in summer 2008, OTC trading of derivatives was eight times as high as the volume of derivative trading on stock exchanges. Trading of foreign exchange derivatives, interest rate derivatives, equity derivatives, commodity derivatives and credit derivatives, by agents having no interest in the underlying

assets only facilitates speculation, volatility and the building up of risks in the system. It is equal to gambling with no economic benefit attached to it apart for the winning gamblers and raises serious conflicts of interest. Hence some of the derivative products should simply be banned. However, some derivative products are vital to enable companies in the real economy to hedge against the risks of unexpected price shifts and thus facilitate long-term planning, e.g. in exchange rates or commodity prices. One advantage of introducing a Europe-wide FTT (see above) would be that it would contribute to dampen speculation in derivative markets (involving 'high frequency' trading) while not penalising genuine hedging transactions (which arise less frequently).

The Commission in its communication has announced to come up with proposals for detailed legislation on derivatives and OTC trade by the end of this year. In the forthcoming months the ETUC, together with UNI Europa Finance and in cooperation with affiliates will monitor this closely and will put forward concrete proposals once the Commission proposal is on the table. In the meantime, the following principles should apply:

- **Standardisation:** the ETUC welcomes the Commission's commitment to standardize all OTC derivatives. Non-standardized products and derivatives with insufficient liquidity should be banned from trading;
- Capital requirements for OTC derivative trading should be higher than those on regulated markets (on-exchange clearing);
- Clearing should take place at central market level, following the example of on-exchange clearing; possible exemptions allowing for bilateral derivative OTC trading should be restricted to non-financial entities (most notably for exchange rate swaps) but banned explicitly for financial institutions;
- All derivative trading, in particular CDS trading, should mandatorily take place through a Central Counter-party (CCP) that would need to be set up at European level;
- European clearing houses would significantly enhance transparency of derivative markets and fall under European bank regulation.

6. REMUNERATION

The European Commission has adopted a Recommendation on remuneration in the financial services sector (COM 2009, 211 fin). It recommends that Member States should ensure that financial institutions have remuneration policies for staff that are consistent with and promote sound and effective risk-management. The Recommendation sets out guidelines on the structure of pay, on the process of design and implementation of remuneration policies and on the role of supervisory authorities in the review of remuneration policies of financial institutions. The Recommendation invites Member States to adopt measures in four areas: (1) structure of pay (2) governance (3) disclosure and (4) supervision. With the proposal on amendments of the Capital Requirements' Directive, remuneration schemes will be brought within the scope of prudential oversight (see III. 4).

The Commission has also adopted a recommendation on directors' pay (COM 2009, 3177). The Recommendation invites Member States to:

- (1) set a limit (2 years maximum of fixed component of directors' pay) on severance pay (golden parachutes) and to ban severance pay in case of failure;
- (2) require a balance between fixed and variable pay and link variable pay to predetermined and measurable performance criteria to strengthen the link between performance and pay;
- (3) promote the long term sustainability of companies through a balance between long and short term performance criteria of directors' remuneration, deferment of variable pay, a minimum vesting period for stock options and shares (at least three years); retention of part of shares until the end of employment; and
- (4) allow companies to reclaim variable pay paid on the basis of data, which proved to be manifestly misstated ("clawback").

In the Pittsburgh G20 Summit Declaration, heads of state reiterated their commitment to “governance that aligns compensation with long-term performance” (para 13). ETUC supports the opinion of UNI Europa Finance that the focus on remuneration structures and

risk management should not only stay with remuneration of top executives and traders. Remuneration structures and incentive systems for employees at lower levels play a major systemic role in risk management and are a potential destabilising factor in financial markets. Appropriate remuneration systems are key to ensure the development of a new long-term oriented, risk-conscious business model (see more in detail: UNI Europa Finance, Contribution to the Commission's recommendation on remuneration in the financial service sector, 6. April 2009). The ETUC therefore welcomes the two Recommendations and the proposal on CRD amendments to bring remuneration within prudential oversight.

IV CONCLUSION – EUROPE RISKS MISSING AN OPPORTUNITY FOR REAL FINANCIAL REFORM

The model of unleashed neo-liberal financialisation has failed. The Commission's proposals for financial reform constitute first positive steps in the right direction yet European policy towards financial market regulation falls short of providing a comprehensive and satisfactory answer to the fundamental flaws of financial capitalism and global macro-economic imbalances. The greatest risk in the legislative process ahead is that merely small and incremental changes to the regulatory regime would return Europe and the world to business as usual – until the next major financial crisis hits. The financial sector must bear a substantial share of the costs it has caused.

Europe's failure to address the financial crisis with sufficient energy could ultimately lead to its political failure. This must be avoided. Trade unions in Europe will not accept that a superficial repair of the financial system is being paid by job losses, massive unemployment and higher taxes on labour. For the ETUC, a fundamental overhaul of the current financial system is needed.

Executive Committee - December 2009

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ETUC Declaration on 2010, EUROPEAN YEAR FOR COMBATING POVERTY AND SOCIAL EXCLUSION

Executive Committee, 1-2 December 2009

1. THE LISBON STRATEGY WAS SUPPOSED TO ENABLE POVERTY TO BE ERADICATED IN EUROPE BY 2010: WHAT IS THE LATEST?

One of the objectives of the Lisbon Strategy was the eradication of poverty in Europe by 2010. What is the situation now? ?

1.1 POVERTY AND SOCIAL EXCLUSION: AN EVIL ENTRENCHED IN EUROPEAN SOCIETY

On 13 March 2009, in the joint Report on social protection and active inclusion, the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO), reported – on the basis of results recorded prior to the crisis – that while ‘between 2001 and 2007 average economic growth in EU-27 was 2.1% per year ... the latest data show that 16% of Europeans (almost 80 million people) are still living at risk of poverty’. In absolutely concrete terms, this means that these people have to live on less than 60% of the average European household income. The report goes on to add that ‘While there is no better safeguard for avoiding poverty than a quality job, in-work poverty at 8% illustrates that not all jobs provide this assurance’.

This situation is not the result of the social consequences of the financial crisis that has rocked the global economy; it actually stems from a situation specific to the European Union, which has given priority to growth and employment – it is tempting to add – at any price, effectively abandoning one of the pillars of the initial Lisbon

Strategy, the one relating to the development of social protection and cohesion.

The concrete result of this focus on economic factors has been that over the past ten years or so, in the name of alleged European competitiveness, quality employment has actually declined across the Union. On the eve of the European summit in the spring of 2008, for instance, the ETUC was denouncing the fact that while 6.5 million new jobs had been created between 2005 and 2007, this increase had not been reflected in an improvement to their quality. Indeed:

- between 1997 and 2007, the number of workers on limited-term contracts had actually risen by 10 million,
- many of these new jobs were part-time and about one fifth of workers in the EU were employed on that basis because they were unable to find a full-time job,
- almost 31 million workers were living on breadline wages,
- and 17 million (19 million today) were living below the poverty threshold.

Moreover, it has to be recognised that over the years, the gaps between the rich and the poor have continued to grow wider, in other words ‘the rich have been getting richer and the poor have been getting poorer’.

1.2 THE CRISIS HAS EXACERBATED THE SITUATION

Business closures and relocations have driven up unemployment all across Europe. For example, according to the study conducted in the framework of the ‘Social balance sheet of the European Union in 2008’, between August and October 2008, the number of people unemployed in the UK rose by 137,000, including 40% of young people. By November that same year, unemployment in Ireland, which had been under 5% since 2001, was already hitting 7.8%. Unemployment in Spain had risen from below 8% in 2007 to 12.5% by the end of 2008. And these were just the first signs.

The swingeing cuts in the Member States’ social budgets are resulting in lower levels of social care provision, and the situation is made worse by the pressure from the Commission, in line with the international bodies (IMF, OECD), regarding the urgent need to drive

down budget deficits, whereas those might enable some States to ‘turn the corner’. Latvia, for example, has been forced to cut public-sector employees’ pay by 15% and freeze pensions, while increasing VAT as well.

There is also concern for the situation of people approaching retirement, particularly those whose pension income comes largely from private complementary systems and who are facing penury because of losses sustained as a result of risky financial strategies in investments and/or exacerbated by serious shortfalls in investments of reserves linked to tumbling stock markets.

Resources in the social protection systems were already feeling the pinch because of the constant tax lightening policies followed within the Member States and in particular in favour of businesses (exemptions from contributions and taxes without any real quid pro quo in terms of job creation). The crisis has meant that the rise in unemployment has further aggravated the situation of the social protection systems, whose funding still remains too heavily dependent upon employment, and no new funding streams have been explored or implemented.

There is a more urgent need than ever for the ETUC and its organisations to mobilise strongly and make a determined commitment to combat poverty. This mobilisation needs to be conducted simultaneously on two fronts: social protection and employment.

2. ACTING UPSTREAM TO SHORE UP THE SOCIAL PROTECTION SYSTEMS

The battle against poverty does not just mean providing a cure, it also means efforts upstream to shore up and improve the social protection systems, first by ‘rehabilitating’ social protection as an economic agent. It is not just a source of spending – albeit social – but it is a productive investment.

2.1 REHABILITATING SOCIAL PROTECTION AS A PRODUCTIVE INVESTMENT

Social protection systems must, for example, guarantee Europe’s retired population pensions that give them an income that is ‘adequate’ – to use the European Union terminology – or ‘decent’ as

the ILO puts it, regardless of the vagaries of their professional life in particular. Accordingly, they make retired people into ‘contributors’ to economic activity.

Developing a sound health policy for them, notably with prevention and access to quality care for all, ultimately means substantially driving down healthcare spending.

Ensuring that people requiring long-term care are looked after, specifically by developing home care or support services or residential structures, all creates new jobs. The same goes in the case of the development of structures to provide care for young children, which also enables the parents concerned to balance their family life with their work life.

Guaranteeing periods of professional transition for those losing their jobs, notably by giving them a secure income, enables them to get into an active search for a new job.

2.2 PROVIDING THE RESOURCES, PARTICULARLY IN FINANCIAL TERMS, TO PLAY ITS FULL ROLE

However, social protection cannot be limited just to playing the role of an ‘ambulance’ for a system mired in crisis, in other words simply helping the poorest and those most at risk of being plunged into poverty, because we know that ‘policies for the poor often turn out to be poor policies!’

Social protection systems have a universal role to play, their specific aim being to ensure the welfare of everyone. One part of this role is to play a redistributive function, via the services provided or received. If this were not the case, there would be more than 36% of Europe’s citizens in addition, swelling the ranks of those who today are suffering poverty and often, as a consequence, social exclusion.

So by playing this role, not only do the social protection systems have the ability to ward off the risk of poverty, but they also contribute towards the creation of social welfare, which is also fundamentally one of their objectives. By thus tightening the social bond, they participate in the construction of a more cohesive society, enabling everyone to be a ‘social’ player and occupy their own space as a stakeholder in society.

A number of people are certainly recognising today that social protection systems play a role in ‘cushioning the effects of the crisis’: hence the need for them to have the resources to perform this function. To put it another way, they need to benefit from consistent and adequate funding.

But as well as healthcare services, social protection also means social services. They need to enjoy legal security and economic guarantees so that they can continue to enable Europeans – in particular, those who stand in greatest need – to enjoy and to exercise their fundamental social rights (income, health, education, housing, pensions).

In other words, combating poverty means using social protection systems and services of general interest:

- **to ensure that everyone has a decent income, regardless of their social, professional or personal situation,**
- **to develop quality healthcare and social services, accessible to all and financially affordable.**

3. THE BATTLE AGAINST POVERTY INVOLVES ACTING UPSTREAM IN PARALLEL ON THE QUALITY OF EMPLOYMENT AND WAGES

The quality of employment and wages, which is a constant demand when it comes to ETUC mobilisation, is not just a guarantee – in particular for the European economy – of better efficiency, but also a guarantee of a decent income for workers and at the same time the best safeguard against poverty.

Its press statements and the mobilisation campaigns that it has conducted, most recently last May – which in terms of their scale have demonstrated that they chimed with workers’ expectations and anxieties – show the need not only to stay on course, but also to keep up the pressure in this field.

Today’s crisis makes this twofold theme of the quality of employment and wages all the more topical, and ramps up the anxiety being felt by the workers that the ETUC represents.

A ‘Eurobarometer’ survey in September this year shows: -on the one hand, that European citizens are well aware of the problem of

poverty and social exclusion that is affecting society today (73%, or almost three quarters of Europeans, believe that poverty is widespread in their country, even though this result has to be tempered depending on the countries), -on the other, that more than half of Europeans (56%) believe the unemployed to be the group most exposed to poverty, along with those in precarious jobs (31%). Moreover, 41% of respondents consider that the elderly are the most vulnerable, especially when a poorly-paid worker is bound to become a poor pensioner. Conversely, this survey likewise indicates that 74% of respondents believe that poverty compromises people's chances of finding a job.

The interaction between employment, wages and poverty is crucial and justifies the determined mobilisation and the action in this field.

4. SEIZING THE OPPORTUNITY OF 'THE YEAR 2010, EUROPEAN YEAR OF THE FIGHT AGAINST POVERTY AND SOCIAL EXCLUSION' IN ORDER TO GET INTO THE DYNAMICS OF THE MOBILISATION CAMPAIGN DECIDED BY THE ETUC.

The ETUC action plan, with its specific features, falls quite naturally into this framework. But the ETUC, at both European and national level, as far as its organisations are concerned, most of which are already committed, intends to seize the opportunity offered by the year 2010 to develop some more specific actions with its usual partners in civil society, such as the European Anti-Poverty Network (EAPN) and the European Disability Forum (EDF).

The member organisations that have already mobilised are generally acting in partnership with the national associations which are active and competent in that particular field. And they expect support from the ETUC throughout the year, but they also expect the ETUC to take a specific European initiative in 2010 on the theme of poverty and social exclusion.

Meetings with its two partners, EAPN and EDF, for the sake of jointly exploring what common initiatives might be taken in 2010 (conferences, joint appeals, demonstrations, etc) have already helped to clarify the topics on which this cooperation and this mobilisation might focus:

- The guarantee of a decent income
- The development of social standards
- Access to quality social services
- Access to employment, in particular for disabled people.

These actions planned for 2010 will be in line with the ETUC's 'campaign plan' on employment, social protection systems and quality public services, and are consistent with the negotiations embarked upon as part of the social dialogue between the European social partners with regard to an 'inclusive labour market'.

The ETUC likewise intends to make the most of the opportunity offered by the events organised by the Commission and the Spanish and Belgian presidencies to get these messages across and thus achieve a strong political commitment by the end of 2010.

This mobilisation will be supported at ETUC level by a communication campaign accessible on the website.

The mobilisation, combined with support for the initiatives proposed in that sense, is already essential if they are to succeed.

The ETUC has certainly not been waiting for this year to get mobilised. With its organisations on the ground, it has been active for over 20 years and directing its energies along those lines. However, 2010, through the initiatives that it will trigger, needs to be the opportunity both to reinforce its determination and its mobilisation, while developing the necessary synergies with the other players involved, so that poverty, and the social exclusion with which it is so often associated, can be effectively eradicated within the European Union. It cannot do this on its own, but if everyone does their bit, it will be stronger and above all more effective!

RESOLUTION ON THE ETUC AND THE LISBON TREATY

Executive Committee, 1-2 December 2009

1. On 1st December 2009, the new Lisbon Treaty came into force. The new Treaty is a better one than the current provisions of the Nice Treaty but it does little to advance social progress.

2. The final signature on the Lisbon Treaty puts an end to a nine-year-long story, which started with the leftovers of the Nice Treaty, continued with the European Convention 2002/2003 and ended with the ratification by the Czech Republic (in November 2009). The ETUC took part in the whole process with major demonstrations in Nice in December 2000, calling for the adoption of the EU Charter of Fundamental Rights as part of the Nice Treaty, to make the Charter legally binding, and then another one in Laeken in December 2001 to demand a role for the trade unions in the process of revising the European treaties. The ETUC finally obtained a place as observer in the European Convention. At the last meeting of the Convention, former ETUC General Secretary Emilio Gabaglio put his signature to the text adopted by the Convention.

3. The ETUC will be exploring with its affiliates the new provisions of the Lisbon Treaty, how to use these provisions and how to build on its positive social features, many of which were included as a result of ETUC pressure:

- the reinforcement of social values and principles (such as solidarity, equality and gender equality, non-discrimination, etc.),
- the social and employment objectives ('full employment', 'social market economy'),
- the recognition of the role of the social partners,
- the incorporation of the Charter of Fundamental Rights,

- the right of initiative for citizens,
- the legal base for services of general interest,
- the social clause.

4. Some important demands of the ETUC were not met in the negotiations of the European Convention:

- qualified majority voting to become the usual procedure for social policy,
- “economic governance” to be introduced, in particular in the euro zone,
- social governance if necessary via enhanced cooperation to avoid a standstill.

5. The scope for “enhanced cooperation” will need consideration under which a group of eight or more countries could proceed and a multi-speed Europe could be introduced. The ETUC has already in the past agreed to consider the need for open groups of countries to relaunch political, economic and social integration, as a last resort solution to avoid total standstill. Such a “social core Europe” would have to be aimed at integrating other Member States as quickly as possible and bringing them up to higher social standards, in order to stop a lasting social rift in the EU. The ETUC is committed to establishing a European social union.

6. On public services, the Lisbon Treaty brings about new institutional developments. The logic of the Lisbon Treaty is one of greater openness in the debate on Services of General Interest (SGI), linked to a democratisation of the decision-making process at European level: introduction of co-decision, alongside the discretionary powers of the Commission based on the present Article 86 of the EC Treaty. Commission President Barroso has promised to promote a “legal framework” for public services.

7. The creation of the posts of President of the Council of Ministers and of the High Representative for foreign affairs – with an extensive diplomatic representation abroad through the European External Action Service – present opportunities that need exploring further. In particular, the ETUC calls for the inclusion of labour and employment counsellors in key EU representations worldwide.

8. The Lisbon Treaty brings trade policy under the same EU external action heading as other elements of EU external policy; and extends significant new powers to the European Parliament in relation to trade. The ETUC will take advantage of these advances to press further for improved coherence between the EU's trade and foreign, development and employment policies; and for the inclusion of strong provisions on decent work and labour standards in all EU trade agreements.

9. It is probable that the EU will not start another “big” treaty revision for a long time, but will limit itself to progress on some dossiers like closer cooperation on economic governance in the Euro zone, closer political cooperation (on industrial policy, climate change, just transition ...), and a limited number of enlargements (Croatia, Iceland etc.).

10. However, different “leftovers” from the Irish referendum and the ratification by the Czech Republic have to be annexed to the next treaty revision which is to be expected in 2010/2011. The ETUC is opposed to the “opt outs” from the Charter. The ETUC will seize the opportunity to press for the inclusion of the Social Progress Protocol in this next mini-revision. After a recent meeting with President Barroso, it is evident that this will not be easy as the UK Government blocked a clause in the Irish protocol similar to the Social Progress Protocol. Prime Minister Brown argued that he would be compelled to hold a referendum on the Treaty if such a clause was included. The UK Government attitude will be worse if the Conservatives win the election in May 2010. The ETUC is looking at using the Monti exercise to take forward this work. Ex-Commissioner Monti has been asked by the President of the European Commission to review the relationship between the EU single market and social Europe. When he was a Commissioner in the late 1990s, Mr Monti upheld social standards by inserting a social clause in the “single market for goods” directive. The clause is the model for the ETUC proposal for a Social Progress Protocol.

11. The ETUC will come back to these issues and explore more in detail the modifications and its consequences for the ETUC strategy, in particular on public services and fundamental rights.



EU TRADE NEGOTIATIONS WITH COLOMBIA AND PERU

Executive Committee, 1-2 December 2009

At its meeting in Brussels on 01 - 02 December 2009, the Executive Committee of the European Trade Union Confederation (ETUC) adopted a Resolution on EU Trade negotiations with Colombia and Peru

The Executive Committee of the European Trade Union Confederation expresses its outrage at the continued killings of trade unionists in Colombia where at least ten trade unionists were assassinated over the last eight weeks.

It reiterates its opposition to ongoing negotiations between the European Union and the governments of Colombia and Peru aimed at concluding bilateral trade agreements.

The talks negate the initial aim we have supported of negotiating an association agreement between the European Union and the Andean Community including political dialogue and cooperation as well as a trade dimension. By abandoning the full association agreement with the Andean Community, the European Union undermines the strategy launched at the Rio Summit in 1999 and reiterated at subsequent summits in support of the development of political associations that strengthen integration and social cohesion processes in Latin America. The ETUC is concerned that the Sustainable Development Chapter being negotiated as part of the trade agreements will not provide the solid basis required to ensure that human and trade union rights are respected. Provisions on labour rights of the EU's GSP+ agreement that apply currently, and which may be reflected in the free trade agreement, have had little moderating effect.

The ETUC once more expresses its concern at failings in coherence between the EU's trade and foreign, development and employment

policies and calls on the new Commission, now including the High Representative, to review and recast its approaches to ensure that the EU's wider objectives are met through the coordinated application of all available policy tools.

The ETUC will continue to work with the unions of Colombia to try to ensure these objectives and a trade agreement which is acceptable to them and the ETUC. As a first step, the Commission should suspend the trade talks pending the outcome of an investigation into Colombia's human rights record under GSP+.

4

ETUC RESOLUTION GUIDELINES FOR THE COORDINATION OF COLLECTIVE BARGAINING IN 2010

Executive Committee, 1-2 December 2009

NO TO WAGE FREEZES AND WAGE CUTS!

COLLECTIVE BARGAINING AND WAGE DYNAMICS IN 2009

1. The year 2009 is the first year of the severe jobs crisis Europe is facing. Despite the fact that the economy was hit by the worst recession since the European Union was founded, collective bargaining on wages in Europe kept its ground in 2009. With outcomes between 2 and 3%, and with inflation going down to a low of 0.5%, collective bargaining in the majority of European countries succeeded in increasing the purchasing power of wages in 2009.

2. Two factors can explain this resilience of collective bargaining over 2009. On the one hand, trade unions prepared the 2009 collective bargaining rounds with the aim of recovering some of the purchasing power lost due to hike in oil prices and inflation in 2008. On the other hand, full awareness of the seriousness of the crisis and its impact on jobs was only established after most agreements had been signed.

3. This, however, does not mean that the recession left collective bargaining and wage dynamics in 2009 untouched. Collectively bargained wage growth did already slow down, from a range between 3 and 4% or more in 2008 to a range between 2 and 3% in 2009. Moreover, opening clauses on company level as well as the suppres-

sion of flexible components of wages (profit sharing schemes for example) imply that actual wage growth is weaker than the growth in the collectively agreed wage. In particular worrying is the fact that nominal wage cuts have become significant and widespread in the Baltic countries as well as in Ireland. In many cases, public sector wages have become a prime target for governments to cut the overall public deficit as well as to provide an 'example' to wage negotiations in the private sector.

4. Finally, the improvement in real wages in 2009 should be seen together with the fact that major jobs restructuring started to take place while many other jobs have been maintained by cutting working hours. The latter explains the collapse in the dynamics of wages per worker (or per head), which were actually halved from 3.3% in 2008 to 1.7% in 2009 for Europe as a whole. Summing up, the mass of real wage income of European workers earners fell by 0.5% in 2009(Commission's Autumn forecast).

COLLECTIVE BARGAINING IN 2010 AND BEYOND: DIFFICULT TIMES ARE AHEAD OF US

5. The recovery that is supposedly taking place is much too weak to neutralise the ongoing job losses resulting from the 2009 collapse in economic activity. Unemployment is expected to rise to 10 % (EU 27) or even 11% (Euro area) by 2011, with not much prospect of a substantial decline in unemployment numbers afterwards. High and persistent unemployment and the fear of losing one's job will inevitably weaken the bargaining position of trade unions and workers throughout Europe.

6. As the report on the 2009 ETUC collective bargaining questionnaire clearly shows, the employers' offensive to bring down wage growth is already there. The ETUC report also shows that employers, in several member states including larger countries, are not simply looking for a somewhat more moderate wage growth. Instead, they are pushing for a generalisation of wage freezes and even cuts in nominal wage levels, with renegotiation of wages at company level as the main instrument to achieve this.

7. Adding to this pressure from private sector employers is the fact that the crisis has also pushed up public deficits. Pressure from financial markets, the Stability Pact, central banks as well as concerns

about the longer term sustainability of public finances will bring governments to try and cut the wage bill for public sector and associated sectors (health, education).

8. Moreover, the offensive will not be limited to wages only. Working conditions in general (working time, flexibility; job protection, unemployment benefits....) are also in danger of becoming the subject of a downwards competitive spiral. Pressure will be put on collective bargaining to deviate from more favourable levels of workers' rights stipulated in labour law or to agree to the downgrading of labour law as such. High and rising unemployment rates for particular groups on the labour market such as youngsters, lower skilled, female workers and migrants will be used as an alibi to divide workers into 'insiders' and 'outsiders' and to push for a general downgrading of working conditions of all workers.

KEY PRINCIPLES FROM THE ETUC FOR THE COORDINATION OF COLLECTIVE BARGAINING IN 2010

9. Workers in Europe will not pay the cost of a crisis which they did not cause. Not inflationary wage growth or too strong workers' rights caused this crisis. Instead, it is the deregulation of workers' rights together with a deregulation of financial markets, both of which have been going on for decades, have constituted a 'toxic cocktail' of high and rising income inequalities together with asset price and debt bubbles. It is this 'toxic cocktail' which exploded into the deepest recession since decades. Preparing a new and similar 'cocktail' by letting labour pay for the jobs crisis is not only highly cynical, it will simply lead to the next speculative bubble and bust and to the next recession.

10. "No to wage freezes and wage cuts". Trade unions in Europe refuse to be divided. The pressure to undercut each other has to be strongly resisted. From an individual or local point of view, it is understandable that workers, under pressure from their employers, are tempted to give up on wages or working time rights to save their jobs. However, a general 'begging thy neighbour' policy will simply make matters worse: Wage freezes and wage cuts spreading throughout Europe will undermine the demand dynamics of the internal market, will kill an already fragile and weak recovery, will push the economy into deflation and will turn out to be a total disaster for

those economies in which households are facing excessive debt loads.

11. 'No to wage instability caused by automatic rules'. The crisis has caused labour productivity to shrink by 2% in 2009. This will be abused to argue that wages, in line with falling productivity, should fall as well.

The ETUC does not agree with this view. The fall in labour productivity is not a structural but a purely cyclical phenomenon. It is caused in the first place by a demand contraction. This means that cutting wages will not solve anything but worsen the problem instead.

Falling productivity is also a temporary phenomenon, caused by employer strategies to keep qualified workers on board for the time being. Labour, however, is not a commodity. Wages do not simply reflect the price for a service rendered. Instead, they are the basis for a decent living for workers and households. Wages should therefore not react as a 'spot' price for short term changes in the economy but reflect instead trends in productivity and inflation **over the medium term**.

Finally, with wages systematically lagging behind inflation and productivity for the past ten years, companies dispose of enough profit margins to withstand the temporary productivity shock, provided of course this wage moderation effort has not been squandered on super bonuses for management and super dividends or capital buy for shareholders.

12. 'Yes to collective bargaining supporting wages, economic recovery and good jobs'. Trade unions throughout the whole of Europe need to respect to the letter the 'golden rule' of refusing to bargain arrangements which have the effect of poaching jobs from other countries, regions and companies. This implies:

- a. Ensuring wage dynamics which are **positive**, both in **nominal** as well as in **real** terms to prevent the economy from sliding into deflation and/or a prolonged slump.
- b. Overall **wage cost** developments based on and reflecting the sum of **trend** productivity developments and **medium term** inflation.

13. 'Upgrade the role of collective bargaining'. To withstand the downwards pressure from the crisis, collective bargaining institutions

need to be strengthened. Particular attention is to be paid to these workers who already find themselves in a weak bargaining position vis -à-vis their employers and are at the bottom of the labour market.

The ETUC calls upon its affiliates to develop policy initiatives, proposals and campaigns with the aim of promoting and extending to as many workers as possible the ‘going’ wage rate and wage increases as agreed to in collective bargaining agreements¹. In addition, and to make sure wage undercutting on the basis of ‘misery wages’ is prevented, the ETUC also urges affiliates to implement collective bargaining practices and/or promote policies aimed at enhancing the initiative on low wages.

14. We are convinced in any case that the wage initiative is not incompatible with the negotiation of employment in companies and sectors during a crisis situation. The defence of jobs at such times represents a priority that can be implemented through agreements on the reduction of working time or public support for wage compensation.

15. More generally, collective bargaining during the crisis must be capable of increasing the participation of workers and their representatives by using all existing legislative instruments at European and national level. Enhancement of the right of participation becomes the essential condition for anticipating and managing processes of industrial restructuring and redevelopment.

ETUC INITIATIVES TO SUPPORT TRADE UNIONS

16. From its side, the ETUC will seek to strengthen the exchange of information amongst collective bargainers. The aim is to prevent employers and governments from artificially boosting their bargaining position by misrepresenting collective bargaining outcomes from other countries

¹ Several instruments to do so exist and can be used according to the national industrial relations tradition: Legal extension of collective bargaining, de facto high coverage rates through high trade union membership, ‘Ghent’ – type systems of unemployment benefits administered by trade unions...

17. Moreover, the ETUC will try to contribute to strengthening trade unions' bargaining positions by regularly positioning itself in public opinion and making clear that all trade unions in Europe stick together and defend similar bargaining principles. Also, good 'case' collective agreements which have been bargained in one country will be used as a public 'benchmark' for other countries.

18. Lastly, the ETUC proposes to explore the possibility of creating, within the Collective Bargaining Coordination Committee, a steering group whose members will be appointed by the committee members. This steering group will have the aim of exchanging views on and helping the Secretariat ensure better monitoring of the evolution of collective bargaining, in order to support the guidelines approved by the Executive Committee. The steering group will meet on the day before the meeting of the Collective Bargaining Coordination Committee.



ETUC reply to the EC consultation on THE FOLLOW-UP STRATEGY TO THE ROADMAP FOR EQUALITY BETWEEN WOMEN AND MEN 2006-2010

30 November 2009

INTRODUCTION

On 3 August 2009, the European Commission consulted the European Social Partner organisations on the follow-up strategy to the Roadmap for equality between women and men. This response presents the position of the ETUC on the specific questions addressed by the Commission. It has to be read in conjunction with previous ETUC positions on reducing the gender pay gap (June 2008)¹ and on reconciliation of professional, family and private life (December 2006 and July 2007)².

EXECUTIVE SUMMARY

The ETUC wants the following issues to be addressed in the next Roadmap on gender equality:

1. A reinforced commitment to gender equality, including new legislative proposals;

¹ See: <http://www.etuc.org/a/5212>

² See: <http://www.etuc.org/r/1348>

2. Long-term strategies, giving an effective response to the challenges of equality between women and men, in the context of the new post-Lisbon Strategy;
3. Concrete measures to tackle the gender impact of the economic and financial crisis in recovery packages, training and retraining programmes, including investing (also) in female dominated sectors and public services;
4. Proposals to improve the quality of women's work, by tackling the gender pay gap, the horizontal and vertical professional segregation of women and precarious forms of work including domestic work;
5. The six priorities of action should be maintained, but new issues should be addressed:
 - Re-introduction of a quantitative target to reduce the gender pay gap;
 - Improving the working conditions of domestic workers and workers in household services;
 - An EU Directive to introduce a minimum right to paternity leave;
 - New indicators to measure progress on care services;
 - A new quantitative target to care for dependents and elderly;
 - Innovative working time arrangements supporting work-life balance and combating the long hours culture, to be addressed in the next phase of the debate on the revision of the Working Time Directive;
 - Comparative research on the (lack of) quality of part-time work and proposals on how to make part time work a genuine quality option for men and women.
6. Recognise and support the role of trade unions in promoting equality between men and women through social dialogue and collective bargaining;
7. Continue to promote with all possible means women in decision making positions and combat gender stereotypes

(about both men and women's roles and gender identity) in employment and society at large;

8. Measures to prevent and combat any form of harassment and violence against women;
9. Obligations with guidelines to implement gender impact assessments in all legislative proposals that are put forward by all EU Institutions;
10. Combine gender mainstreaming with specific actions, to begin with all measures and policies regarding the economic and financial crisis.

1. OVERALL ASSESSMENT OF THE PERFORMANCE OF THE ROADMAP FOR EQUALITY BETWEEN WOMEN AND MEN 2006-2010.

Do you think the Roadmap 2006-2010 has made a difference and contributed to more equality between women and men?

Despite the several challenges that still need to be addressed in order to achieve effective gender equality in Europe, the ETUC believes that the 2006 – 2010 Roadmap has been a valuable instrument to support and promote a common policy commitment on gender equality. It has contributed to enhancing the enforcement of existing EU legislation in the field of equality between women and men and has given greater visibility to gender equality policy at different levels, from the European to the national and local, in employment, education and society.

The ETUC has welcomed the fact that four of the Roadmap priorities were in line with the objectives set in the European Social Partners' Framework of Actions on Gender Equality adopted in 2005. This was not only a sign of consistency between the two instruments, but it also contributed to developing synergies among public authorities, social partners and other relevant stakeholders when addressing these priorities.

Nevertheless, the objectives set by the Roadmap in 2006 are far from being met. The potential of the Roadmap has failed to sufficiently materialise, partly due to the absence of effective instruments

to monitor and assess progress in the past four years, and also because of the lack of pro-active and binding measures in key areas such as the gender pay gap, work-life balance, quality of women's work, etc. Therefore, ETUC believes that **a renewed and more effective commitment to gender equality at EU level is of key importance.**

We also welcome the Commission's plan to adopt a new integrated Roadmap for gender equality and recommend creating a strong link to the upcoming 'post-Lisbon' agenda.

2. FUTURE CHALLENGES FOR GENDER EQUALITY

What are in your view the main medium and long term challenges that a new strategy for gender equality should address?

Women still continue to experience sex discrimination, unequal and low pay, violence, harmful stereotypes, unfair distribution of caring and domestic responsibilities and a consequent lack of economic, social and political power. A new strategy for gender equality would have to address these entrenched inequalities in an effective manner, taking into account that structural change is inevitable.

Europe needs a policy shift from an obsolete model that pushes women into traditional and old fashioned roles, thus contributing to a strong division of labour between the sexes and persistent gaps of pay, time and ultimately economic dependence to a scenario that, on the contrary, promotes modern patterns of employment in the life course, alternative family and care choices, etc.

In ETUC's view, genuine gender equality cannot be achieved without **addressing the intrinsic ambiguities of current gender equality policies** and the lack of policy coherence in the social and economic areas.

In order to tackle the **demographic and socio-economic challenges** Europe is faced with, it is a matter of urgency to develop a more long term and coherent set of policies and measures, recognizing the key role of women in achieving a sustainable Europe.

In this context, the issue of work-life balance for men and women in relation to the organisation of care is one of the major challenges to address in the medium and long term. Work-life balance has only

become an issue on the EU's agenda since women have massively and visibly entered the labour market, and have come there to stay. Therefore, until recently it was perceived as primarily a women's and equal opportunities issue, leading to piecemeal policies and measures supporting women and families. In ETUC's view, this is essentially wrong.

At present, indeed it is mostly women who pay the price of the fact that the gap between old societal structures and modern times has not yet been solved. Women continue to juggle work and care, often without having any 'free time' at all. Moreover, they hold part-time jobs with little career perspectives and are affected by pay and pension gaps.

In ETUC's view, it is still important to fight for equal pay and equal treatment of men and women, as well as for the upgrading of part-time and precarious jobs, and better social security and pensions for women. In addition, however, we have to **tackle the mainstream issue of how work, care and private life are organised for both men and women**. For the labour markets of the future, we need all the capacities of women and men available. For the future of our economies and societies, we also need new life to be born and educated. And when we grow old, we need some people around to take care of us.

These issues cannot be properly dealt with on a merely individual basis, and only during the limited period in which workers have small children to care for. In every stage of life, although maybe in varying intensity, any worker will increasingly have to take care of himself and/or somebody else, and invest in his personal development and adaptability. There is therefore a strong need for a **life-course approach in social policy and work organisation**.

An approach based on 'supporting the individual with specific needs' with a bit of flexible working arrangements here and unpaid leave there, as has been characteristic of the policies in many Member States, may offer some short-term solace to mostly women.

But it does not help create the environment for a long-term sustainable perspective of an active population that is highly skilled, productive and also demographically a sound mix of young and old. For this, we need long term visions and investments. We have to reconsider established views in particular on what is the domain of public interest, employers' responsibility and private 'choice'.

In this time of economic crisis, some voices say that work-life balance policies are a luxury, and that people (read: ‘men’) should be allowed to work more to make ends meet. We take a different view.

In our EU of 27 Member States, very interesting examples exist of how raising women’s employment rate, combined with a higher investment in care infrastructures and paid leave facilities for women and men has gone together with higher birth rates, how conversion from unpaid domestic tasks into paid personal services can broaden a country’s GDP, and how reduction of full-time working hours has helped raise productivity (Scandinavia, France, Netherlands).

On the other hand, high female employment rates in Central and Eastern Europe go along with very low birth rates, due to women’s very low wages and lack of proper and affordable housing. In 21st century Europe, individual ‘choice’ can mean that families decide to postpone having children or have fewer children than they desire for socio-economic reasons. In other words, both women and men need stable jobs and incomes to have children and careers!

Clearly, a lot has to be done at national and local level involving all the relevant stakeholders, including public authorities as well as employers and trade unions.

Modern trade unions increasingly offer an interesting collective response – such as in the form of collective agreements – to individual needs, for instance in the area of flexible working, leave facilities, childcare arrangements and care infrastructure.

Which role is there for the EU to play? First of all, the EU should make **use of more future oriented analyses of its societies and labour markets**, based on more equal and interchangeable roles of men and women. These analyses will be helpful not only in addressing the follow-up to the next roadmap on gender equality and the post-Lisbon agenda for growth and jobs, but also in planning long-term policies in the field of gender equality.

Secondly, one area of persistent lack of policy coherence is the area of working time regulation. In recent times, the emphasis in the public discourse is increasingly on the economic need for long and flexible working hours. However, in ETUC’s view, this approach is for many reasons not sustainable, an important reason being that long and irregular hours confirm a traditional division of labour between

men and women with men expected to do long hours and overtime, and women locked into part time jobs with little career perspective. Such working time patterns are neither flexible nor innovative. Instead, within the context of clear standards on maximum hours and minimum rest periods, **innovative and flexible working time patterns can be organised and negotiated**, which also give workers of both sexes a say in the organisation of their working time. This is the kind of worker-oriented flexibility that should be promoted in new working time regulation and policies, as it gives ample scope for win-win outcomes.

Thirdly, **leave arrangements for working parents need to be reviewed and updated** to ensure a minimum harmonisation of rights throughout the EU, which can help EU countries to develop in the same direction. Of course, leave facilities will only be really taken up by women and men, when there is a proper income guarantee. In the recent EU Social Partners' revised agreement on parental leave this connection is clearly recognized, although the implementation in practice is left to the Member States.

There is a **strong need for policy coherence** especially now in **the economic crisis**. Measures and policies developed in all areas of socio-economic policy making at EU level should be checked as regards their relevance and impact on the organisation of work and care, and the division of labour between men and women. Short-term working for men in ailing industries can become a stepping stone to more flexible working arrangements that support work-life balance. Investment in care infrastructures can create jobs and support workers in combining work and care. Investment in (re)training of both women and men can help Europe to reach the necessary higher skills base to remain competitive. If well managed, the crisis can become an opportunity. If not, the crisis will become a serious setback with long-term negative consequences for workers, families and economies.

This explains why the ETUC considers **that the economic crisis is both a short term as well as medium term challenge**. In our view, there is a need for a reinforced political commitment to gender equality, especially in the current times of economic crisis. The gender impact of the recession should be closely monitored and addressed, in terms of its impact on women's jobs, wages and working conditions, income protection also in the longer term (including pensions), access to

public services and possibilities to raise a family without ending up in poverty. This means for instance that it must be acknowledged that the crisis has a different impact on women and men on the labour market, in the private and in the public sector. There is clear evidence that female-dominated sectors are severely affected by the crisis in several Member States (Bulgaria, Ireland, Latvia, Lithuania, Czech Republic...).

It is necessary to examine the impact of the recession on policies directly or indirectly affecting gender equality, including in terms of public spending and maintaining the quality of public infrastructures. There is a clear risk that governments will try to reduce public resources allocated to policies and actions aimed at achieving gender equality, which should be prevented at all costs. There are worrying signals that the closing of the gender pay gap is being pushed down the agenda of Member States due to the recession.

The **financial architecture of recovery packages** should not only prevent a negative impact on the position of women in the labour market and society at large, but also seize the opportunity to ensure that economic recovery brings benefits for women. In this context, it is of major importance that **training and retraining** measures are not only available for men/breadwinners losing a full time permanent job, but also for women in situations of insecurity. **Investment in jobs** should also not be biased towards male dominated sectors and jobs, but take into account the need to also maintain and promote employment opportunities in female dominated sectors and jobs. Investing in care infrastructure has an interesting added value, in that it not only offers jobs to women, but also provides other women the support they need to remain active on the labour market.

A more specific challenge concerns the **quality of women's work**, in terms of wages and working conditions including contractual arrangements, career perspectives, and social security and pension coverage. This issue has a strong link to the low-fertility/ageing society already identified by the Commission background paper to the Roadmap strategy as well as in a number of previous studies and reports. Research has shown that there is a positive correlation between quality employment opportunities for women and fertility. As part of EU efforts to close the gender pay gap, attention must focus on female-dominated sectors and jobs, such as public and private services, and on improving the quality of part time jobs.

Finally, raising low wages would have a positive effect both on the gender pay gap in these sectors and the overall national gender pay gap. It would attract more men to these sectors and occupations which in turn would contribute to a less segregated labour market.

3. MAIN POLICY PRIORITIES FOR GENDER EQUALITY

Are the six priority areas defined in the Roadmap still relevant?

In ETUC's view, the **six priority areas defined in the Roadmap continue to be relevant** and urgent. Despite the work undertaken under the 2006-2010 Roadmap, the ETUC is concerned that insufficient progress has been made in each area: significant gender inequalities persist in pay, occupational segregation, lack of representation in decision making and work/life balance. These priorities should not be looked at as separate objectives, but be integrated in a coherent political approach. The next Roadmap should clearly underline the linkages between the different priorities and how stronger synergies can be made.

There is a need to take further steps on gender equality in Europe: the new Roadmap should propose measures to eliminate gender discrimination, violence and stereotypes, including legislative proposals, demand clear commitment from EU institutions and Member States, propose action to tackle non-compliance with relevant EU legislation and recognise a clear role for social partners.

The ETUC has identified specific actions for each of the six priorities.

1. ECONOMIC INDEPENDENCE FOR MEN AND WOMEN

The ETUC is of the opinion that the undervaluation of women's work, professional segregation, and precarity of women's jobs are nowadays the three major obstacles for women to achieve a situation of genuine and sustainable economic independence.

With regard to the pay gap, the ETUC has welcomed the 2007 EC Communication on the gender pay gap and related campaign launched in this context. However, the lack of binding proposals, notably through the revision of Directive 75/117/EEC on the applica-

tion of the principle of equal pay for men and women has been a missed opportunity. As indicated in the ETUC Position “Reducing the Gender Pay Gap”, a number of measures have yet to be taken to avoid the development of “a Europe à la carte” on gender equality. These include (but are not limited to):

- **measures to combat women’s undervaluation in female-dominated sectors and occupations.** A follow-up to the proposal in the Roadmap to carry out a survey on job classification in health and social care, in consultation with relevant social partners, is yet to be enacted and should be urgently addressed³;
- **raising statutory national minimum wages** to achieve the targets. This will primarily benefit women;
- **an obligation for employers, in cooperation with trade unions, to provide gendered data on: remuneration** (including bonuses, profit sharing schemes, complementary pension/insurance schemes), concrete measures on transparency of wages (all the more relevant in view of the financial crisis) as well as on work-force composition (including part-time and fixed-term contract workers). The lack of available gendered data on working conditions in many workplaces remains a major obstacle to achieving equal pay and tackling the potential gender effects of restructuring;
- stronger measures encouraging the **setting up of equality plans** at enterprise level. The 2002 equal treatment directive which only ‘encourages’ employers to carry out equality plans has not had much effect;
- more **support for collective bargaining at sectoral and enterprise level**, which – according to research – already in itself leads to narrower equality and gender gaps;
- measures to encourage public authorities to **promote equality/social clauses in public procurement**. Whilst the ETUC welcomes the recently published guide on social clauses in public

³ For instance, the EPSU study (“Study on pay in the care sector in relation to overall pay levels and the gender pay gap in different countries in the European Union”, Jane Pillinger, 2009) shows that wages in the care sector are below national average wages, at least in 6 of the 7 EU Member States surveyed. This study corroborates earlier findings of the Dublin Foundation in a study on childcare which recommends improving wages in this sector.

contracts, we would favour a more binding instrument and clearer guidance from the Commission on the promotion of equality measures in the framework of contract compliance.

ETUC considers that these measures will also have a positive impact on gender professional segregation. Research shows that professional and sectoral segregation are persistent everywhere in Europe, with large differences between Member States. It seems that the focus has been put mainly on women entering male dominated sectors, while there is insufficient action to increase men's presence in sectors and professions that predominantly employ women.

Women continue to be more frequently employed with precarious work contracts. The increase in the number of women in the labour market is not being accompanied by an equivalent improvement in the quality of their employment conditions.

Women are more likely to be employed with part-time, fixed term, temporary work contracts, often on a precarious basis. If this is not tackled effectively Europe will have to cope with a new generation of poor retired workers that have accumulated low and insufficient pension rights.

A category that is particularly affected by precarious working conditions is domestic workers. While figures on the nature and extent of domestic work in the countries of the European Union, are difficult to find, there is no doubt that there is a growing and unmet demand for more (domestic) help and personal services. It is also clear that a very high proportion of those doing this work are women, often migrants, in search of better lives for them and their families. Domestic work is scarcely regulated and protected in Europe, thus contributing to keeping this category of workers outside the formal employment systems and in the twilight zone of the undocumented migrants where they are extremely vulnerable to high levels of abuse and exploitation. In ETUC's view it is time for the EU to step up its activity to put in place common minimum standards regulating domestic workers' working conditions. In order to achieve this, the EC should:

- put the question of domestic workers at the centre of its action, while protecting their rights as migrants and women;
- produce more exact data and comparisons on the working realities and (lack of) rights of domestic workers across Europe;

- link this issue to the post-Lisbon agenda and other relevant discussions such as those on demographic change.
- Positively contribute to the discussion taking place on the need to develop labour standards for domestic workers in the ILO conference of 2010 and 2011.

2. RECONCILIATION OF PRIVATE AND PROFESSIONAL LIFE

The issue of work-life balance has been high on the agenda of the European social partners in the last years. Reconciling family, private and professional commitments was one of the priorities addressed by the Social Partners' Framework of Actions on gender equality. In addition, a joint progress report on work-life balance was adopted in February 2008 and presented to the March Tripartite Social Summit 2008, following the consultation of the European Commission in this field⁴. The EU Social Partners identified three specific areas where a balanced, integrated and coherent policy mix must be put in place: i) leave arrangements; ii) care infrastructures; iii) working arrangements.

Following this progress report the European social partners undertook joint work: they adopted a joint letter on childcare in July 2008⁵ and revised their framework agreement on parental leave (signed on 18th June 2009). Even if these two results are relevant, the ETUC believes that more needs to be done at European level to help workers, both women and men, balance their professional, family and private obligations, in particular.

- the revision of the **Pregnant workers Directive should be urgently accomplished**, to ensure that women can genuinely combine the choice to have a family with employment in a long term perspective of fully fledged labour market participation.
- the **introduction at EU level** of a minimum right to **paternity leave**, i.e. short paid leave of the father or partner around the birth of a child, to allow and promote that fathers to bond with their new born child in the earliest possible stage, which is an important precondition to a more equal division of labour between men and

⁴ See : http://www.etuc.org/IMG/pdf_2008-00393-E.pdf

⁵ See : <http://www.etuc.org/a/5204>

women with regard to childrearing in a later stage. Such a paternity leave should be introduced in addition to parental leave.

- the **transposition and implementation of the revised Parental Leave Directive must be closely monitored** in the upcoming years, especially to see if its revised provisions will have the intended effect of improving work-life balance and a more equal division of labour between women and men. As part of a balanced policy mix, the new Roadmap should also address the issue of care facilities in the context of improving the reconciliation of work life balance. This issue was omitted by the previous Roadmap, but the importance of available, accessible, affordable and good quality childcare and elderly care services cannot be underestimated and should be addressed by the next Roadmap. Therefore the ETUC calls for:
- **Targeted actions** towards those Member States that are far from reaching the Barcelona targets;
- The **definition of indicators** to measure progress achieved, in line with the conclusions of the Commission's report adopted in October 2010 on this issue. The quality of employment in and better access to quality and affordable social/child care remain a priority especially in a time of economic crisis where the public authorities are under pressure to reduce their responsibilities in this area and tend to leave them to private initiatives.
- The introduction of a **new Lisbon target regarding social and care services for dependants** as the EU social partners proposed in their joint progress report on work-life balance.

Concerning the important area of working time, the ETUC is convinced that there is a strong need to review and adapt the traditional organisation of working time. While more concrete observations will be put forward in the context of the upcoming new consultation to be launched by the Commission in this field, we believe that this area should also be addressed by the new Roadmap, with the introduction of measures that **combat the long hours culture**. In our view, the persistent emphasis on long and irregular hours as a feature of 21-st century employment confirms the traditional division of labour between men and women, with men doing overtime and women taking the care responsibilities. It also makes it more difficult for women to advance on the career ladder, where often higher and

managerial positions are strongly linked to images and stereotypes of long hours and permanent availability. This issue is strongly linked to stereotypes, which should be challenged, such as that a good worker is a worker who is available full time. The 21-st century worker should be defined as a “worker (m/f) who cares”.

With regard to **part time** and precarious employment, the ETUC has often drawn attention to the current realities of part time work in most EU countries, showing its strong and negative impact in terms of gender segregation in the labour market and the persistence of the gender pay gap. In ETUC’s view there is an urgent need to:

- **review the current policies and regulations with regard to part time work**, also in light of the Part Time Agreement of the European social partners, transposed in the Part Time Directive, which aimed very explicitly at the promotion of part time work as a quality option and equal treatment of part time workers as a necessary pre-condition to this.
- **promote comparative research** in the area of part time work, also by involving social partners;
- call on Member States and social partners at all relevant levels to take up the challenge of **making part time work a genuine quality option** for men and women.

ETUC is ready to take up the responsibility together with employers at EU level to review and strengthen the Part time Directive, both in terms of its equal treatment provisions, as to introduce a ‘right to adapt one’s working hours’ (both upwards and downwards), which already exists in some Member States (such as the Netherlands, the UK and Germany).

3. EQUAL REPRESENTATION IN DECISION-MAKING

The unbalanced representation of women in decision making position in politics, the economy and in trade union organisations is a long standing matter of concern for the ETUC. This issue is mentioned as one of the priorities in the Social Partners’ Framework of actions on gender equality.

ETUC is of the opinion that the Commission’s data base on women and men in decision-making, including in trade unions and employers’ organisations, and its regular reporting is a very useful tool.

However, the following measures could be addressed by the next Roadmap in order to make progress in this area:

- The EC database can make **use of the data** that the **ETUC** collects **through its annual 8th of March Survey**, that monitors developments in 82 cross-industry organisations throughout Europe and in the European industry Federations⁶.
- Priority should be given to **national central banks and EU financial institutions** which are all led by a male governor, and to leading companies where men account for nearly 90% of the board members.
- Carry out a **study on the impact of recent legislative measures on gender parity** (i.e. the Norwegian legislation on gender parity on the board membership of both public and private companies - minimum of 40%) in order to assess if such measures are effective in attaining a more balanced presence of women in decision making positions.

4. ERADICATION OF ALL FORMS OF GENDER-RELATED VIOLENCE

In ETUC's view, any attempts to reduce public policies and financial resources in this area should be avoided. The recession is likely to increase the risks of domestic violence and of violence against vulnerable groups of workers. Investment in prevention will therefore be very important. Therefore, with regard to this important field we:

- invite the European Commission to **carry out a study on Member States' investment** in terms of public campaigns and in women's' support centres, training of police forces, access to justice, specific support for domestic workers who are in a particularly vulnerable situation, etc. in order to share practices and experiences in this field.

⁶ See : <http://www.etuc.org/r/1347>

5. ELIMINATION OF GENDER STEREOTYPES

Traditional gender roles and stereotypes continue to have a strong influence on the division of labour between men and women at home, in the workplace and in society at large, and tend to continue a vicious circle of obstacles to achieving gender equality. In addition to the stereotypes about what is and is not ‘women’s /men’s work’ there is the very deeply entrenched prejudice that a good worker is a worker who is available full time (i.e. always). This prejudice works not only against women but also against men who take a more modern view on work-life balance.

Social Partners at EU level have taken responsibility for this issue through their Framework of Actions, in which they recognise that they have a role to play in addressing gender roles and stereotypes in employment and in the workplace. Social partners should be given a clear role when addressing male and female gender stereotypes in employment, and not only focus on segregation and how to promote women in male jobs and vice versa, but also tackle stereotypes as to what makes a ‘good worker’ or a ‘good manager’.

The ETUC believes that the EU has also a strong role to play in this field. We call on the next Roadmap to:

- **Promote awareness raising campaigns on diversity management and on breaking stereotypes on traditional gender roles in education, employment and society.** Such campaigns should also address more diverse career patterns for men and women, as well as the benefits for the economy and society of shared family responsibilities between women and men.

6. PROMOTION OF GENDER EQUALITY IN EXTERNAL AND DEVELOPMENTS POLICIES

EU legislative proposals may often have a specific impact on women, also in terms of their access and quality of employment. For instance in the case of the Directive on the application of patients' rights in cross-border healthcare no gender impact assessment of the proposal was carried out. As the health care sector is a major employer of women, it would be important to examine if and to what extent the proposed directive may or may not reduce healthcare

access inequalities between women and men, on the one hand, and may or may not improve the working conditions of women working in this sector, on the other. Consequently, the ETUC is the opinion that the next Roadmap:

- Should propose **gender impact assessments for all policies** (including internal market, competition, justice and home affairs, migration etc.) that the European Commission puts forward.

Especially in the area of migration and integration policies, it is of major importance to always assess the gender dimension of the policies and measures developed, taking into account that an increasing percentage of short term and long term immigrants are women. For instance, the new plans for a possible Directive on seasonal workers should be accompanied by a gender impact assessment, clarifying to what extent migrant women are involved in seasonal work, and what impact the various proposals would have on their situation, bearing in mind that many of them have left their children in their country of origin in the care of their grandparents or siblings.

Which new priorities should be considered?

As stated above the ETUC believes that the current six priorities remain relevant and valid. However, in ETUC's view other policy areas could be worth addressing by the next Roadmap:

- **Poverty and social exclusion** in connection to the promotion of quality employment for women. Job segregation, low salaries and precarious jobs are features that increasingly affect female workers throughout Europe. In the longer term this will have a negative impact not only on the demographic change, because fewer women will be able to afford the choice of bearing and rearing children, but will also contribute to the feminisation of poverty especially among the elderly, with many women not having acquired proper pension rights.
- The **specific situation of domestic work** in Europe should be addressed and therefore the next Roadmap should put forward specific measures for domestic workers. Good practice existing in some Member States about how to deal with household work in a more innovative manner, should be investigated and promoted, such as the 'cheques services'.

- Available, affordable, quality **care facilities** and a **new target on dependent and elder care** should be emphasised under the priority on work-life balance.
- The impact of the crisis on women and the architecture and content of recovery packages, including investment in **training and jobs for women**;

How can gender mainstreaming and specific actions be made more effective?

The ETUC believes that the dual approach of combining gender mainstreaming with specific and targeted actions should be maintained in the next Roadmap as well.

However it is important to apply **a stricter implementation of the gender mainstreaming principle** in all EU institutions' policies as well as the Commission's Directorate General. The ETUC believes that in this respect it would be key to have **appropriate financial resources** allocated to the development of the new Roadmap priorities and that an ad hoc budget should be foreseen.

More emphasis should be put on **disseminating the information** on results achieved and activities realised through programmes, specific research findings or events' conclusions. The European Commission could for instance consider translating its website on equality into all EU languages, thus giving more visibility to the activities and documents realised in this area.

The new Roadmap should clearly mention the work of the EU Institutions on new legislation in the area of equality. As mentioned above, the ETUC is in favour of a revision of the equal pay directive as well as of the part-time directive and new legislative measures on the protection of domestic workers. In future the EC should also provide a gender impact assessment of any legislative proposal put forward.

With regard to the issue of women in decision making, it is time to have a general assessment of the different systems where quota are in use and put forward recommendations at European level. The European Commission should also continue to collect qualitative and quantitative data on women's presence in top managerial positions, in different sectors and professions. Finally, appropriate instruments to assess inequalities between men and women in companies should be developed as well as a stronger support and the promotion of

equality plans at enterprise level, especially through social dialogue.

In what policy areas could new gender targets be defined? Which targets should be quantified?

In its Progress report on reconciliation of work, professional and family life, the ETUC has proposed together with the EU employers' organisations the introduction of a new post-Lisbon target **on dependent and elderly care**.

In the context of the new post-Lisbon agenda, the ETUC is of the opinion that a quantitative target for reducing the **gender pay gap** should be re-introduced and a gender pay indicator should be inserted in the macro economic guidelines and/or employment guidelines of the post Lisbon strategy. Its monitoring should be carried out and the improvements achieved by each Member States spelled out by the Eurostat and EC reports. There is also need to gather **more systematic data on the part-time pay gap** and the pension gap.

Concerning the area of work life balance, there is a need to gather and compare more data on the **take up of leave arrangements by men** (i.e. parental leave, paternity leave, leave for urgent reasons, etc.).

How can complementarities and synergies between the Commission's initiatives, the actions by the Member States, the actions by Social Partners and organisations representing civil society, both at European and national level, be achieved?

The ETUC is of the opinion that there is scope for reinforced synergies between the European Commission, Member States, European and national social partners' activities to raise more awareness and knowledge on the objectives of the next Roadmap.

Social dialogue and collective bargaining can play an important role in developing and implementing gender equality in practice. There is a need to invest in training of social partners' delegates on gender equality and how to implement the gender mainstreaming principle. The ETUC will continue to invest in this field, through training and awareness programmes addressed to its members. However, there is also a need for more systematic involvement of trade union organisations in programmes and actions in the area of gender equality that are promoted by national actors. For an effective fight against discrimination on grounds of gender, it is very important to regularly involve trade union and social partners' representatives in discus-

sions, consultations and actions that are realised at different levels to implement Roadmap priorities.

There is a general need of a **reinforced coordination between Member States**, EU institutions and social partners in the field of equality. Trade union members should be regularly informed and consulted at appropriate levels on policy developments in the area of gender equality. What happens at EU level, with the Commission (especially DG Employment and Social Affairs) in policy and developments in the area of gender equality is not systematically reflected at national level. Often trade unions are not involved in the gender equality policy making carried out by national/regional/local public authorities. Trade unions' role in the fight against discrimination is fundamental especially in the area of employment and labour market inclusion. Their contribution and know-how should be used at all levels.

What types of improvements should be aimed at concerning the monitoring and the reporting on progress made?

Monitoring and evaluating progress achieved with regard to the objectives set in the next Roadmap is essential to the effective implementation of this new instrument. As stated before, the EC should give visibility to the progress achieved (or failed), through for instance a specific section on the annual report on equality between men and women issued by DG Employment and Social Affairs. This monitoring should also cover policies outside social and employment field, such as external relation and development, internal market, trade and migration. It is therefore essential that quantitative and qualitative indicators are set and reviewed on a regular basis.

The following measures could be considered in order to foster the monitoring and implementation:

- EU Member States' **national action plans** should specifically **address measures to implement the new Roadmap objectives**;
- **Foresee sanctions in the context of ESF funding** for those Member States failing to implement the Roadmap priorities;
- The European Commission's **annual progress report** on gender equality should contain a specific section on the Roadmap;
- The new Roadmap should clearly **spell out funding programmes** that are useful to implement its objectives. The introduction of an

ad hoc programme to tackle the Roadmap priorities could be also considered.

- **Develop public campaigns** that emphasize the need for social dialogue as a priority and promote gender equality as an indispensable part of collective bargaining.
 - Finally, the **new Gender Institute should be given a clear and strong role** in monitoring and assessing progress made in the implementation of the next Roadmap.
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