



European Trade Union Confederation (ETUC)
Confédération européenne des syndicats (CES)

Trade Union Memorandum

to the

Hungarian Presidency **of the European Union**

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**European Trade Union Confederation
(ETUC)**

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1. INTRODUCTION

The number one issue for the Hungarian Presidency is to exit the crisis by generating sustainable growth and job creation. It is necessary to design a form of European governance which is not based on austerity but on the firm will to establish full employment. Against the background of 23 million unemployed, the Presidency will be faced with a sharp increase in the series of anti-unemployment protests during a wave of austerity measures destroying economic recovery in a dubious attempt to satisfy the markets. People are realising the impact of the cuts on pay, on jobs, on pensions, and anger is growing.

Workers who are paying the price of this crisis are growing increasingly angry and their anger is justified. In 2007/08, world leaders did not follow the example of President Hoover and the others in 1931, they did not impose simultaneous cuts in public expenditure thus contributing to a repeat of the Great Depression; two years ago, they bailed out banks, kept spending up and, in some cases, introduced stimuli packages. They were exemplary Keynesians. But now, they are, with the important exception of the USA, doing what President Hoover did in 1931. And the markets are again asserting a paramount influence over economic policy.

To emerge from the present-day slump, the EU must be determined to establish growth and job creation as its key objectives. For the moment, the ETUC is not seeing any strategy based on growth. Instead, the approach seems to be based solely on advising the Member States to pay their debts. The ETUC therefore expects the Hungarian Presidency to make growth one of its priorities. The 2020 Strategy has become the Commission's new flagship initiative and the ETUC believes this is a mistake. The immediate problems need to be the top priorities, including measures to create jobs, particularly jobs for young people, European economic governance, effective financial regulations to reverse the trend of high-risk speculation and the transition to a low carbon economy. The EU 2020 Strategy does not provide an answer for a credible exit from the crisis and is clearly lacking in a line of attack for promoting a return to economic growth. The EU and the euro zone must develop a growth strategy, in contrast to the current approach of serious budget cuts that could lead to a recession.

We reject this approach and call instead for a European recovery plan, matched with a social and ecological New Deal equivalent to 1% of the European Union's gross domestic product, to stimulate jobs, investment and growth. The adoption of austerity measures, presented as shock therapy for pulling Europe out of the crisis, constitutes a real threat to growth and purchasing power. Such measures will also reduce the extent of social protection, the last bastion against social exclusion, and will add to already widespread precariousness. Budgetary stringency will nip all hope of recovery in the bud. The ETUC now expects the Hungarian Presidency to place emphasis on growth, employment, sustainable and industrial development. European leaders can and must do better.

Another challenge for the Hungarian Presidency will be to prepare a revision of the Treaties to create a crisis resolution mechanism. There seems to be a broad consensus among European Council Members that the December Summit will take a decision for Treaty-change. A treaty amendment requires agreement in the March European Council and approval of the European Parliament. The Presidency seems to believe that it is feasible to conclude accession negotiations with Croatia before July 2011.

In this context, the ETUC is concerned about the impact of the recent decisions of the ECJ which have elevated free movement above upholding collective agreements and allowed undercutting

and unequal pay to develop. In order to safeguard workers' support to the EU it is urgent to reassert the social objectives of internal market rules.

- First, the ETUC appeals to the Presidency to do its utmost to promote the adoption of a Social Progress Protocol¹ to provide guidance to the ECJ about the need to uphold fundamental social rights in the single market. This Protocol should be attached to the Treaties, with the legal status and authority needed to give clear directions on the interpretation of the articles of the Treaties. The next opportunity to adopt such a Protocol will be on the occasion of the upcoming enlargements. Hungary has engaged to achieve enlargement with Croatia.
- Secondly, the ETUC urges the Hungarian Presidency to take the necessary steps with regard to the revision of the Posting of Workers Directive.

If not, the pressure on trade unions to turn against the single market will intensify; this will only add to the difficulties in the current crisis. In the current economic crisis, the parties of the extreme and/or nationalist right have gained some ground. These parties have a nationalist, racist and xenophobic attitude towards migrant workers. The political landscape in Europe is rapidly changing and not in favour of Europe. The official Europe has to react and to address the concerns of the citizens and the European trade union movement.

Other challenges for the Hungarian Presidency will be to launch the debate on the pluriannual budget framework 2014-2020 and to look after the unresolved budget 2011. The single market will also be on the agenda with the aim of focussing on the most urgent aspects of legislative work to be completed by the end of 2012, the 20th anniversary of the single market.

2. IMPACT OF THE FINANCIAL, ECONOMIC AND SOCIAL CRISIS

With the financial and economic crisis the growing pressure to return prematurely to a budget consolidation path is counterproductive. If such a decision is made Member States will not be able to benefit from a possible economic recovery and it will also damage public services. In a moment of crisis, 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 shows some signs of recovery.

Europe needs to invest, in the next three years, an annual 1% of European GDP providing for more and better jobs, the promotion of innovation, research and development and employment in key industries, investing in new, green and sustainable technologies, sustaining high quality public services, providing workers with the qualifications needed for tomorrow's low carbon economy, within green technology and better qualified jobs.

Employment in the EU has shrunk by over 4 million jobs since the start of the crisis, although the effect has been somewhat mitigated thanks to the use of short-time working and other schemes. But these short term measures, however important, are not in themselves sufficient to ensure a successful exit from the crisis. Employment policies must focus on preparing for the transition to a low-carbon economy. Young people are bearing the brunt of the employment contraction. There are already nearly 23 million unemployed people in the EU and this number is to grow further.

However financial regulation is not 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

¹ Text available at : <http://www.etuc.org/a/5175>

that our societies will have to carry in the future. The ETUC demands the application of the ‘polluter pays’ principle to financial markets and asks the Hungarian presidency to start working on a Financial Transaction Tax (FTT) model law at EU level and beyond, based on the WIFO and Spahn proposals. 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. 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.

The ETUC believes that more needs to be done at European level to close tax heavens, prevent tax evasion and restore tax justice between capital and labour, rich and poor. The Hungarian Presidency would substantially contribute to efficient cross-border taxation in advancing the work on an all-encompassing Savings Taxation Directive, with a view to closing existing loopholes and better preventing tax evasion, and covering all actors, forms of capital income as well as outreach beyond European borders.

1. In the field of company taxation, the Commission should:
 - push for a new proposal by the European Commission for a directive on a common consolidated corporate tax base (CCCTB) It is, however , essential to open the debate on the tax rates together with the introduction of the CCCTB. And a CCCTB must be compulsory for all legal forms of enterprises. Otherwise the possibilities for tax competition would simply be extended. Not only would 27 member state tax systems be in competition with each other, but there would also be a 28th system.
 - reinforce the current Code of conduct for business taxation;
 - and work towards improved accounting standards that would capture the whole potential corporate tax base by introducing a European reporting system for trans-border companies.

At the moment, the emphasis in all European authorities is on fiscal consolidation which is what happened in 1931, when all governments cut at the same time. The ETUC thinks the strongest economies should be introducing new stimuli packages and Europe as a whole should have packages like the recovery fund, for greener, more sustainable technologies.

The ETUC expects the Hungarian Presidency to propose that the G20 adopt a financial transaction tax and tough regulations on banks, hedge funds and other wilder animals of the Wall Street jungle. It could be an interesting idea to start a discussion on the introduction of a special anti bonus tax of 98% on bonuses like in Hungary, to be paid by banks, insurance companies, enterprises of the energy sector, telecommunication, chain stores etc. for the next 5 years. Such a tax could come on top or besides a Financial Transaction Tax and a minimum tax rate for corporate profits, tax on high fortunes. Such new initiatives could be the start of a new paradigm that policy will no longer be subordinated to economic pressures. It would change the relations between state and market.

3. SOCIAL EUROPE AND THE SOCIAL DIMENSION OF THE INTERNAL MARKET

Hereunder, proposals the ETUC would like to see taken up and developed during the Hungarian Presidency of the EU.

Impetus for a more balanced internal market strategy

For many years, the ETUC has been calling for a stronger social dimension for the internal market but the response has been inadequate. On 27 October, the European Commission published its delayed communication “Towards a Single Market Act – For a highly competitive social market economy”. The ETUC welcomed the report of former commissioner Mario Monti on how the EU

should re-launch its single market and on measures to complete the currently unbalanced single market. The ETUC declared itself disappointed with this Single Market Act (SMA) which is ambiguous on crucial matters. The ETUC is pressing the Council and the Commission to take proactive steps to protect the exercise of fundamental rights, initially by adopting a Monti II regulation and then introducing a Social Progress Protocol in the Treaties (as there will be an opportunity for a limited revision of the treaties reflecting new accessions and the talks on economic governance).

The Hungarian Presidency is asked to come forward with ambitious proposals to strengthen workers' rights, tax coordination and high quality, accessible, affordable public services to ensure more legal security in order to allow the development of sustainable public service missions and to guarantee fundamental rights. Tax coordination is another proposal of the report to be followed up by the Hungarian Presidency. If the single market is perceived as a code to dismantle social rights, as a tool for social dumping and unfair competition, the basis of the consensus around European integration will erode quickly.

The ETUC demands a critical in-depth assessment of previous liberalisations and privatisations with the participation of all major stakeholders and maintains its demand for a moratorium on liberalisations. In particular, the ETUC asks the Commission to declare that there is no intention to come forward with proposals to liberalise water or waste as well as domestic rail passenger services, and to commit itself to this declaration.

The ETUC expects the upcoming "Altmark package" on state aid and initiatives on institutionalised public-private partnerships, concessions and public procurement to take into account the new treaty rules. The ETUC demands a serious assessment of Public Private Partnerships (PPPs). It is not acceptable for the Commission to push, without any critical assessment of problems and failures, for an increased scope for PPPs, to stimulate unilaterally a greater role for the private sector. The Commission treats as evidence the claim that PPPs improve efficiency and reduce burdens on public budgets, which is contested by many scientific researchers. So there should be an independent evaluation about PPP and much larger transparency about legal, economic and social consequences of PPP contracts and subcontracts. The responsible public authorities should have sufficient public resources to finance public services. Statistical requirements about public deficits should not lead to indirectly promote PPPs.

Public services

Public services play a key role in the current financial crisis ensuring social and territorial cohesion and cushioning the effects of the crisis and could play an even bigger role. Even neo-liberals have acknowledged that the public services are twin economic and social "automatic stabilisers". ETUC insists therefore that funding for public services needs to be underpinned by appropriate fiscal policy measures, including the introduction of fairer and progressive taxation systems, including financial transaction tax, as well as improving the efficiency of tax collection. Exit strategies and adjustments to public finances need to be planned over the medium and long-term.

Public services are confronted with a double challenge: the worst crisis since the 1930s and the ongoing policy emphasis on the austerity measures by the European Institutions. The public sector has become the main target to compensate for the budget deficits generated by the financial bail-outs for defaulting banks. Draconian cuts in public expenditure are imposed by various national governments seriously jeopardizing social justice and social inclusion. The European Commission exerts pressure on member states by giving absolute priority to budget consolidation over growth. This will further deepen the recession resulting in high unemployment.

The ETUC is convinced that the new article 14 TFEU together with the new protocol 26 is an obligation to act. It is unacceptable that the Commission continues to abstain from any action. The ETUC asks the Hungarian Presidency to push the Commission to come up with a legislative proposal on the basis of the new article 14.

The content of a horizontal regulation should reinforce the ‘public service mission’ of public services and provide that (1) the power of definition is with the relevant local, regional and national public authorities, (2) the exercise of this discretion should not be open to challenge in any legal proceedings except in case of manifest error, and (3) the burden of proof should fall on the European Commission or other complainant and not on the local or regional or national authority. More provisions are possible. The subsidiarity rules are important in creating a balance between the nationally established public services and European competition rules and the internal market.

As well as regulations each Member State, local and regional public authorities can (on the appropriate level) establish a register of non-economic services of general interest, which are excluded from the application of the rules on the provision of services, on competition and on state aid. The new double track approach has the advantage that the diversity of national traditions, cultures, values etc. can be fully taken into account and a Member State with an ambitious definition of public services can establish a broader list than a Member State with less ambition.

Social Services

The ETUC supported the efforts of the European Parliament and the outgoing Belgian Presidency to improve the security, quality and availability of social services of general interest. Social services are part of a “grey area”, which is prejudicial to the accomplishment of the missions entrusted to them. They are faced with an increasing level of legal insecurity, uncertainties and disputes. Therefore, regulations on health and social services should take the new treaty provisions fully into account. A derogation from internal market rules should be applied according to Art. 86, paragraph 2 EC, inasmuch as the development of trade is not really affected². The creeping precarization of public services must be reversed. The Decision of the Commission against the Netherlands on social housing which sets an income limit (of 33 000 €) and prevents mixing inhabitants from different social classes is a clear breach of the subsidiarity rules and should be challenged. The ETUC remains sceptical vis-à-vis voluntary frameworks on the quality of social services. Quality of work, social dialogue and secure funding are essential elements of strategies to promote quality public services.

Healthcare

Regarding healthcare, ETUC duly noted the proposal for a directive on cross-border healthcare dating from 2 July 2008 and the improvements made to it when it was adopted at the first reading by the European parliament last April. The ball is now in the court of the Council.

Consequently, ETUC expects the Hungarian Presidency first and foremost to confirm the headway made in Parliament’s debate, especially with respect to:

- confirming the skills of Member States in organising their health system and defining and setting conditions for gaining access to healthcare;
- limiting cross-border mobility to that of patients;

² (in the case of social services: absence of a profit motive, services of proximity: Article 106.2 TFEU “the development of trade must not be affected to *such an extent* as would be contrary to the interests of the Union”, operation on the basis of the principle of solidarity.)

- maintaining equal treatment for national patients compared with migrant patients.

These improvements are actually capable of shoring up and safeguarding national healthcare systems, whilst at the same time permitting patients to make use of their right to move about freely and guaranteeing them maximum healthcare.

On 27 October the ENVI Committee adopted its second reading report on the proposed Directive on patients' rights in cross-border health care. There was strong support for the draft report prepared by Françoise Grossetête (EPP, FR) with 47 votes in favour, only 2 against and 1 abstention. The report makes several amendments to the common position adopted by the EPSCO Council in June after being stalled for about a year. Notably, on the controversial issues of reimbursement and prior authorisation before seeking medical treatment in another Member State, the MEPs have scaled down the list of reasons for which a patient can be refused authorisation for cross-border treatment. Nevertheless, they agreed with the Council that prior authorisation could be required for hospital stays and highly specialised care. MEPs added a provision that Member States can offer their patients a voluntary system of prior notification, whereby, in return for notification, the reimbursement (payment) would be made directly by the Member State to the hospital providing the treatment. MEPs also added special rules for patients with rare diseases giving them the right to access healthcare in another Member State and be reimbursed even if the diagnosis and/or treatment in question is not provided for by the legislation of their home country. Such treatment would, however, be subject to prior authorisation. The second reading plenary vote is due to take place in January 2011.

Company law

The ETUC has on numerous occasions expressed strong concerns about the Commission's proposal for a **European Private Company Statute**. Whilst the ETUC encourages initiatives that improve market conditions for businesses and welcomes any proposals designed to improve the market performance of SMEs, it is adamant that the flexibility of SMEs must not be enhanced to the detriment of workers' rights to sit on the Boards of their companies. A thorough rethink of the proposed SPE Statute is therefore necessary. In particular, it is crucial that the SPE Statute be accompanied by rules governing minimum standards on workers' involvement. It is also essential that the SPE does not put national legal forms – and the participation rights that are attached to it – under pressure. A cross border dimension and minimum capital requirements are therefore essential prerequisite to the establishment of an SPE.

The discussions on the proposed SPE Statute have further highlighted the need to ensure that businesses do not abuse the opportunities offered by the internal market to evade their legal obligations that would otherwise be applicable under national law. Accordingly, the ETUC is renewing its call for an open debate with the social partners on a **14th Company Law Directive on cross-border transfers of registered offices**, with a view to preventing the establishment of 'letterbox' companies. Such an initiative is an essential prerequisite to any further development of European company law, including in particular the adoption of the SPE Statute.

Overall, the ETUC recommends **a more sustainable approach in relation to workers involvement in European company law**. As business is increasingly becoming global, the Union must reflect if and how a streamlining at European level of the provisions on employees' participation can be achieved. Such reflection should not be geared towards downsizing existing national provisions but rather to see how the Union can promote competitive and socially responsible European company forms. The ETUC calls on the Hungarian Presidency to stimulate

such a debate together with the European Social Partners.

Posting of workers

The ECJ rulings mentioned above have raised major questions on how Member States and trade unions across Europe will be allowed to establish and defend labour standards in an era of globalisation. It is crucial that Member States are allowed to implement the Posted Workers Directive not only in accordance with their national traditions but also fulfilling its initial objectives, i.e. to strengthen workers' protection in the single market and to guarantee a climate of fair competition.

The ETUC urges the Hungarian EU Presidency to launch the revision in order to restore the original aims of the Posted Workers Directive. The ETUC can actively contribute to this debate, and has recently developed concrete recommendations for a revision of the Directive. For the ETUC there are no doubts that, while the Directive was adopted with a large majority in the European Parliament and the Council with the clear aim of preventing unfair competition on wages and working conditions ('social dumping'), the recent ECJ rulings challenge the original intentions of the European legislator.

Subcontracting

The ETUC urges the EU institutions to take the necessary steps to clarify the rights and obligations of parties involved in subcontracting chains to avoid depriving workers of their ability to effectively assert their rights, especially where cross-border subcontracting goes on. The ETUC is thus renewing its call for a European instrument that regulates the joint and several liability of main contractors and intermediaries, at least where the payment of tax, social security contributions and wages is concerned, and asks the Hungarian presidency to support this.

Active Inclusion

ETUC calls for the implementation of ambitious policies, in consultation with the social partners and in the spirit of the 25 March 2010 agreement for an « inclusive labour market », on active inclusion within the European Union with quantitative objectives to reduce poverty. Active inclusion is all the more important because the crisis has given rise to new forms of exclusion and exposed large numbers of workers to the risk of falling into poverty. Accordingly, ETUC wants the Hungarian Presidency to ensure close supervision of progress in the reduction of poverty, placing people and social issues at the heart of measures designed to combat the crisis, and move towards prioritising strong, solidarity-based public social security systems.

And in the framework of the struggle against poverty, the ETUC expects from the Hungarian Presidency an initiative towards establishment of a right to a guaranteed minimum income at a level sufficient to allow the recipient to cross the poverty threshold. Finally, the ETUC recalls its attachment to the existence of a "social MOC" including social inclusion and the struggle against poverty.

Transnational collective bargaining

Transnational collective bargaining has developed substantially in recent years, owing to the greater mobility of multinational groups in the new context of world trade. The global economic crisis has further accelerated this mobility, as evidenced by the fresh wave of mergers, restructuring and delocalisation in virtually all domains of European industry: the automotive sector in particular, more generally the metalworking industry, but also the banking sector, the

construction industry and the textile sector.

The problems arising in the bargaining agenda concern the difficulty of proper follow-up at national level because the agreements in question lack any European legal status. Furthermore, neither the procedures involved in launching the bargaining process at this level, nor the identity and representativeness of the actors to obtain a mandate and to sign a transnational agreement are clear. So far, only EMF and EPSU have adopted 'internal rules' for transnational company negotiations that lay down procedural rules and negotiation mandates. Associated appeal procedures in case of non-compliance with the transnational agreement are unclear.

The Commission included this issue in its 2005 Social Agenda, with the idea to give such agreements an optional legal status, if requested by the social partners. But since then, it has now pared back some of its objectives, such as the aim of setting up a Group of Experts. The ETUC considers this initiative useful, but at the same time find it inadequate, bearing in mind the strategic value of this issue and the changes that are currently occurring in this domain. The ETUC believes that a strong political initiative is needed to set the ball rolling once again in this connection.

Working Time Directive

After the failure in 2009 of the conciliation between European Parliament and Council, the Working Time Directive is now back where it was in 2003. The ball is now in the court of the Commission again. In ETUC's view, the Commission should first and foremost take action – after 9 years of postponing taking proper responsibility – to implement and enforce the current Directive, as interpreted by the ECJ. The Court has, in a series of consistent case-law since 2000, confirmed time and again that on-call work in the workplace must be considered as 'working time', and that compensatory rest must immediately follow on on-call duties: this must be enforced by all available means.

Recently, the Commission has consulted the European Social Partners on new initiatives to revise the Directive, suggesting the Directive should be updated to 'modern needs' of companies and workers. In ETUC's view, any new initiative should at least ensure that the individual opt-out will be ended; that on-call time is considered working time and that the rules on reference periods are kept. The WTD should be strengthened to deal with new risks in the organisation of work and working time. Furthermore, it is of the essence that the Working Time Directive is also capable of dealing with the challenges of the 21-st century, including the increased labour market participation of women and demographic ageing, and the need to adapt working time arrangements to the needs of workers with care responsibilities and older workers.

The Working Time Directive is an important cornerstone of Social Europe, and also in the 21-st century a key instrument to protect workers against the health and safety risks arising from long and irregular working hours. This Directive should not become an instrument of regime-competition between Member States, but guarantee minimum standards that provide a level playing field throughout the EU. The Hungarian Presidency will have an important role to play to ensure that no simplistic, unbalanced or piecemeal solutions are put on the table.

Directive on the portability of occupational pension rights

Under the last two EU presidencies, no initiative was taken in this area. Nonetheless, problems remain, and these require swift solutions if we want to see effective mobility of workers within the European Union.

According to the ETUC, the solutions in question should cover at least three points: (i) to scale back the provisions governing minimal periods for acquiring rights (i.e. a maximum period of 2 years); (ii) and the age of inclusion in schemes (under 21 years of age); (iii) and facilitate the social partners' involvement in monitoring occupational pension schemes (irrespective of the body managing them).

Reconciliation of work, private and family life

The issue of reconciliation of work, private and family life is of major importance in the context of the demographic and economic challenges facing the EU. The Hungarian Presidency is urged to play a proactive role, in line with its wide experiences and achievements in this area, to support strong policies and measures aiming at improving work-life balance for women and men. The ETUC is in particular monitoring carefully the developments related to the revision of the maternity protection Directive 92/85/EC. The ETUC is of the view that maternity leave should be fully paid and provided for at least 18 weeks in order for the mother to recover from pregnancy. The ETUC is aware that the Council will have to address the proposals made by the European Parliament (Estrela Report) and calls on the Hungarian Presidency to support the legislative process and help find an appropriate compromise.

In other areas of reconciliation policies, such as the provision of childcare and eldercare, Commission and social partners agree that more action is needed at EU and national level, which should be supported by the Council. Investment in care infrastructures is especially important in this period of economic crisis, to maintain women's jobs in public and private services, as well as continue to support working parents to combine work and care.

Non-discrimination outside employment

The draft Directive to prevent and combat discrimination outside employment, covering discrimination on grounds of age, sexual orientation and religion is currently discussed by the EU institutions. The ETUC supports this initiative because it will avoid different rules governing different grounds of discrimination that may give rise to legal and practical inconsistencies or could cause problems in situations of multiple discriminations. A broad directive covering all the grounds mentioned in Article 19 of the Treaty on the Functioning of the European Union will give a strong message to the Member States of the EU and their citizens that a modern and cohesive society cannot be build based on discrimination. With the ageing of the population, the growing diversity of our societies in terms of ethnic origin and religion and the increasing intolerance against people because of their different sexual orientations, a strong and coherent body of law - protecting citizens from discrimination wherever they are in the EU – should be the priority target. The ETUC strongly disagrees with those, namely employers, who say that this Directive is a 'luxury' that business cannot afford because of the economic crisis. Equality and diversity are not just a cost or administrative burden, but also a potential asset helping companies to remain or become more sustainable and competitive. The Hungarian Presidency should develop efforts in order to gain the support of Member States to this initiative.

Migration

The ETUC is in favour of a comprehensive policy at EU level on migration, integration and development, offering legal channels for migration while at the same time rigorously applying and enforcing labour standards and guaranteeing equal treatment with local workers.

The Stockholm program action plan, to be adopted under the Hungarian Presidency, will set guidelines to develop the priorities for migration policies in the next five years. The new

institutional framework introduced by the Lisbon Treaty can provide the necessary tools to develop a fair and ambitious migration policy. The ETUC urges the Hungarian Presidency to promote an ambitious and coherent EU migration policy. In particular:

- the proposed immigration code should offer the opportunity to reassess the existing achievements, with a view to reinforce and complete them. The ETUC is very much in favour of a uniform level of rights for all groups of migrants. A simple codification of existing instruments would not be satisfactory as it would reinforce the current two tier migration policy approach
- the ETUC would strongly regret if the implementation of the Stockholm agenda would focus on repressive measures regarding irregular migration and neglect to develop proactive migration policies, offering legal channels for migration and promoting proper integration policies.

ETUC is very concerned about the two legislative proposals on seasonal work and intra-corporate transfer concerning third country nationals as it is unacceptable that the European Commission continues to legislate with the intention of liberalising the labour market, favouring unfair competition, undermining the equal treatment principle of different groups of workers and trying to introduce the country of origin principle. Therefore we see a strong role of the Hungarian Presidency to work towards the withdrawal of the proposals as they stand today and work towards a horizontal instrument regulating questions of principle for workers inside the EU and for workers outside migrating into the EU on the basis of the principle of equal treatment.

4. CLIMATE CHANGE AND ENERGY

EU climate change policy

The EU must adopt *A Sustainable New Deal*, underpinned by a development strategy to secure Europe's recovery from recession, to adopt a just transition, to create millions of decent, sustainable and green jobs, and to make a fair and effective contribution to the global fight against climate change.

To help achieve these objectives, Europe must adopt an integrated sustainable development approach and put in place a development strategy that establishes the conditions for sustainable growth, namely concerted green growth that contributes to the creation and maintenance of quality jobs and social progress throughout the economy, because all jobs are concerned.

Simultaneously, Europe must ensure the development of coordinated, sustainable and dynamic industrial policies in the European Union based on low-carbon policies, R&D, technological innovation and suitable education and training programmes; improve European governance; reinforce public control in such a way that any measure designed to promote any policy is impossible to separate from compliance with labour legislation; strengthen means of fiscal coordination and transparency to prevent social dumping in Europe; adopt appropriate climate change legislation; ensure a strong public investment policy; ensure the transparency, coherence and complementarity of its public policies, including fiscal policy measures, that must all contribute reaching sustainable development objectives; develop instruments to finance the necessary policies; implement urgently a financial transactions tax. In short, Europe must oblige the Member States to assume a high level of responsibility and must put in place genuine, strong and coherent European policies.

It should implement, as a matter of urgency, a European recovery plan matched with a green and social New Deal equivalent to 1% of Europe's GDP to stimulate employment, investments and growth. Europe needs massive investments in clean technologies, both in new and existing industries, particularly in the fields of energy, transport and construction, as well as new industrial policies to boost manufacturing in the Union. It should also implement and strengthen the commitments made in the Energy-Climate package, and adopt climate change legislation that includes measures such as:

- the creation of a European agency taking over the responsibility for establishing benchmarks based on the best available technologies and ensuring carbon traceability for products, in particular for those where “carbon leakage” could result in the loss of jobs and investment to countries without similar carbon reduction commitments, on which the social partners are represented;
- prevent price speculation and erratic fluctuations through a revised ETS;
- comprehensive coordinated initiatives in R&D and other areas;
- social and environmental quality requirements for projects conferring entitlement to CDM and JI credits.

It should also put in place a European low-carbon industrial policy based on a process of EU-wide industrial coordination that transcends intra-European divisions and the negative effects of market requirements for short-term returns on industrial investments, and that particularly addresses the challenges of industrial restructuring with which the new members states are confronted.

It should secure the conditions for a just transition

- by calling for the setting up of an international fund and by setting up a European fund to facilitate R&D and the development of green technologies, technology transfers to the developing countries and the development of employment policies based on social protection, the promotion of decent work and public services;
- by developing a transition strategy for energy-intensive industries in order to prevent carbon leakage and to encourage investments that help enhance environmental protection and safeguard quality jobs;
- by creating career crossovers to help workers from sectors that are shrinking to find quality jobs in expanding sectors, etc.;
- by developing a European framework that would help anticipate socio-economic transitions, identify the associated qualifications and occupations, that would encourage the greening of the economy as an opportunity to promote the gender equality on the market, and ensure the reform of education and training systems accordingly, and by strengthening dialogue between the social partners and the public authorities to ensure that all the above objectives can be achieved.
- by ensuring, promoting and supporting social dialogue instruments, negotiations and collective agreements at all levels (European, national, regional, sectoral, company ...), as key instruments for achieving the objective of green and sustainable growth.

It should encourage contributions from all sectors of activity to the emissions reduction effort and the shaping of a development strategy

- by promoting energy efficiency at the workplace and the greening of workplaces, by giving new and more extensive rights to trade union representatives on matters of protection of health and the environment, by supporting (inter alia financially) their initiatives in this area and by making relevant training and skills acquisition available with that aim in view;

- by managing green skills and jobs effectively through social dialogue at every level, and by considering that the development of a low-carbon economy will depend mainly on improving existing skills rather than on developing specialised green skills, as demonstrated by the studies conducted for the ETUC in 2007 and 2009, and as recently confirmed by the CEDEFOP
- by giving the necessary attention to education to environmental and sustainable development in general, the importance of which is also highlighted by the CEDEFOP.

It should release substantial funds for this development strategy, at European level as well as national and sectoral level

- by mobilising and strengthening existing financial resources, including the EU general budget, the European recovery plan; the structural funds under the European cohesion programme 2007-2013; the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD);
- by reforming the governance of funds for combating climate change, in particular by making respect for social principles and conventions (compliance with the ILO's fundamental rights, human rights, etc.) and environmental principles and conventions a prerequisite for obtaining project funding;
- by using new and innovative sources of financing such as a financial transactions tax

It should give the right economic signals, in particular a price signal that could take the form of a CO2 tax provided that a number of conditions are met including : that any CO2 tax must form part of an environmental approach aimed at giving a price signal rather than having a budgetary logic; the enlargement of the tax to also cover energy; the revision of the ETS system; that the tax mentioned should not apply to industries already covered by the ETS and that double taxation should be avoided (in some countries there is already a tax on energy usage); the creation of a European regulator; the availability of sustainable alternatives at accessible prices (regular and outstanding public transport systems, energy-efficient housing, ...); targeted compensation measures, sector by sector; the inclusion of social and environmental criteria into all public authorities' decision making processes; the spending of the revenues transparently and totally on internal investment measures to reduce emissions, on climate support for the developing countries and to finance the necessary compensating measures for low income households.

It should set in place the conditions for achieving an exact evaluation of the situation in terms of employment by Member State and by sector, under the coordination of the European Commission, with a view to climatic imperatives. In this way, the European Commission will be in a position, together with the Member States and the social players, to define the needs and resources necessary for the implementation of the Transition towards a low-carbon economy for Europe.

UNFCCC Conferences

The ETUC urges the Hungarian and the following Hungarian EU Presidencies to work intensively towards achieving a fair, ambitious, binding and inclusive agreement that paves the way for cutting global emissions by 85% by 2050 (compared to 1990 levels). Developed countries must take the lead in reducing emissions and commit to firm targets of at least 25%-40% below 1990 levels by 2020, in line with the recommendation made by the IPCC. The fastest-developing emerging countries should undertake to control their emissions. In addition, the industrialised countries must pledge to provide funds, clean technologies and training to help developing

countries meet their new commitments. The new global agreement should explicitly recognise and develop ‘Just Transition’ measures – investment in new low carbon technologies and green decent jobs (compensation, unemployment benefits, social protection and labour rights), investment in an active skills strategy for a low carbon, resource efficient economy (training, retraining, lifelong learning, ...), investment in social dialogue to facilitate the transition process – as essential for attaining agreed targets. Fiscal reorientation needs to take place within a fair, redistributive tax system to ensure sustainable development and provide funding for adaptation and mitigation strategies.

The European Energy Policy

Little progress has been made in moving the European Energy Policy forward. The ETUC reiterates that energy must not be left to market forces alone. A genuine European industrial energy policy is needed that encourages investment in smart grid infrastructure, secures high-quality jobs, protects vulnerable consumers against energy poverty and ensures stakeholders’ democratic participation in national regulators and the Agency for the Cooperation of Energy Regulators (ACER).

5. ENLARGEMENT, TRADE AND EXTERNAL RELATIONS

The ETUC supports current EU enlargement negotiations as a unique opportunity for disseminating our values. However, this must not serve to undermine our social model, and we demand full compliance with Union laws and practices, particularly in the area of social dialogue. Candidate countries must meet accession criteria of democracy, human rights and respect for and protection of minorities. The ETUC expects to be consulted when the social chapter is opened in the negotiations. We would underline that, in relation to Turkey, the Commission’s assessment pointed out that the serious violations of trade union rights must be stopped if Turkey is to join the EU.

The ETUC believes that EU trade and external relations policies should contribute worldwide towards sustainable growth, the development of social partnership and decent work, the promotion of values such as those set out in the EU Charter of Fundamental Rights, and universal respect of international conventions, notably those adopted by the ILO. The EU Presidency must react swiftly and robustly on our behalf against any violations of human and trade union rights, wherever they occur.

The entry into force of the Lisbon Treaty has major implications for EU foreign policy. The creation of the post of the High Representative for foreign affairs – with an extensive diplomatic representation abroad through the European External Action Service – present opportunities to advance those ETUC objectives. In discussions about the role of the High Representative and the EEAS, and their relationship with the Commission and the Council, the ETUC would stress that these innovations must serve the EU as a whole and not reflect intergovernmental approaches. In particular, the ETUC calls for the inclusion of labour and employment counsellors, some drawn from social partners’ organisations, in key EU representations worldwide, responsible to the Commission.

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. These advances should lead to improved coherence between the EU’s trade and foreign, development and employment policies with a view to meeting our wider objectives, notably the inclusion of strong chapters on sustainable development, including social and

environmental standards, in all EU trade and association agreements, with effective provisions to ensure implementation and social partners' involvement.

The ETUC supports the promotion of regional integration, linked to social guarantees, in association agreements notably with Central America and the Andean Community. We are concerned that in the latter case bilateral Free Trade Agreements have been negotiated following the failure of unified negotiations with the Community. We will continue to strongly oppose the FTA with Colombia at least until violations of human and trade union rights there are thoroughly investigated.

We look forward to the EU deepening and widening its relations with the US Administration, notably to seek to develop robust positions on climate change as well as in relation to the financial crisis. We welcome some recent steps towards the ETUC and the American Federation of Labor-Congress of Industrial Organizations being given equivalent status to that enjoyed by employers in relation to the Transatlantic Economic Council – the agenda of which should be widened and made more strategic. The ETUC, together with the Canadian Labour Congress, continues to insist that we be informed and consulted about ongoing discussions on a closer economic partnership.

If the Doha Round negotiations are resumed, we insist that the final WTO Ministerial Statement mandates a WTO follow-up work programme on trade and employment that covers the links between trade, decent work, core labour standards and development, to be monitored by a WTO committee or working group.
