



EURELECTRIC / EPSU / EMCEF JOINT STATEMENT

ON

**THE SOCIAL ASPECTS OF THE EUROPEAN ENERGY COMMUNITY
(SOUTH EAST EUROPE) AND THE IMPLEMENTATION OF THE
MEMORANDUM OF UNDERSTANDING**

December 2007

Draft joint statement on the social aspects of the European Energy Community (South East Europe) and the implementation of the Memorandum of Understanding

The European social partners for the electricity industry (Eurelectric for the employers and EPSU/EMCEF for the trade unions) welcome the signing of the *Memorandum of Understanding on the Social Aspects of the European Energy Community* by the European Commission and the governments concerned 18 October 2007, Vienna. This is a positive step in ensuring that the implementation of the energy acquis and especially the internal market for electricity and gas goes together with a social dimension.

We also welcome the Conference organised by the European Commission *Building Capacity to enhance the social dialogue in the Western Balkan countries*, 19-20 October 2007 in Belgrade. It high-lighted how social dialogue can contribute to assist companies/ employers and workers and their unions to deal with the changes the electricity industry will face in the process of restructuring.

Important elements of the Memorandum of Understanding are amongst others:

1. The recognition to build a social dimension in the Energy Community; the importance of the social dialogue at all levels and the recognition of the need to provide high quality, accessible and affordable services meeting the needs of citizens and enterprises and to promote the interests of the consumers.

As European social partners we agree that economic development and social progress are mutually supportive and should go hand in hand. We welcome that the Memorandum recognizes the importance of the social dimension and that the Signatories will facilitate and promote effective social dialogue in the energy sector.

2. The focus on public service obligations. While it is a task of the governments to develop and implement PSOs and in accordance with the EU directives, the Memorandum calls on the European Commission to develop strategies to deal with the wider social dimension covering the issues of affordability, energy poverty, district heating reform, rural distribution, isolated systems and societal impacts of reforms.

As European social partners we request to be informed of these strategies. Some strategies like dealing with affordability or district heating reform can have consequences for workers and companies.

3. The attention to effective governance of the process of change. It calls for the involvement of the social partners in particular at national level.

We greet that the social dialogue will be promoted and will be used to monitor the implementation of the Energy Community and its effects, including restructuring. As European social partners we underline the need to “introduce effective mechanisms for information and consultation of the social partners (...)” and call on the governments and social partners to make this a priority. The European social acquis has several Directives that provide for Information and Consultation rights and procedures at company level. These could already be used as a framework by electricity companies and employers before the countries concerned have joined the EU.

4. The understanding that the introduction of the internal market for electricity and gas and other energy acquis, leads to restructuring and changes for the enterprises and employees concerned, which would primarily affect low-skilled and vulnerable groups of workers or geographically concentrated areas.

As European social partners we have monitored the changes in the electricity sector for many years. We have been involved in two studies of the Commission on the employment effects of opening up the electricity and gas market. The most recent study was finished in spring 2007. This study underlines the massive change that has taken place and is still taking place and which affects workers and companies. The study confirmed the effects for workers due to active restructuring, and drew attention to other effects such as outsourcing and the skill gaps. We foresee that the effects will be similar in South East Europe. The study also has a number of case studies on how companies and trade unions have dealt with the changes ensuring that restructuring takes place in a socially responsible manner. A policy of focusing on alternatives to redundancies has been central features of such restructuring.

We call on the Commission and the donors to assist the governments and social partners in the restructuring process. This might require investment in training and other measures do deal with the social consequences which are beyond the scope of the companies and governments given the scale of the restructuring process.

To ensure governance of change, to understand the challenges and to anticipate and manage change, timely inclusion of the social partners will be needed in the process and possible bodies that deal with reform of the energy sector.

5. The stress that is placed on anticipating and managing the social consequences that arise from the implementation of the Treaty establishing the Energy Community. The MoU mentions that low-skilled, and/or older workers should be supported through investment in human capital and life-long learning geared to local needs, fostering mobility, promoting the development of specific employment, training and support services.

We recommend that anticipating and managing change is an important part of the national social action plans. Detailed social road maps and possibly linked to the existing road maps to implement the energy acquis are one way to do this. The European Commission and the donors should support the governments and social partners when required, in their attempts to study and understand the changes better so appropriate measures can be taken.

6. The four areas set out to as part of the social dimension namely:

- Workers' fundamental rights according to European Convention for the Protection of Human Rights and Fundamental Freedoms, the European Social Charter, the Community Charter of the Fundamental Social Rights of Workers and the EU Charter of fundamental Rights;
- Labour laws – in relation to the promotion of improved working conditions and standards of living;
- Health and safety at work – in relation to improvements in the working environment concerning the health and safety of workers in the energy sector;
- Equal opportunities – with a focus on the introduction, where necessary, of the principle that men and women ought to receive equal pay for equal work;

We welcome that the Signatory parties will focus attention on these areas and seek to discuss their implementation with the social partners. They contain basic principles of the European social acquis. As European social partners we encourage our members to discuss and agree together how the European social acquis can be made relevant for the electricity sector, for example by agreeing to use certain European directives as a reference. The electricity industry can thus play a leading role and fully in line with its corporate social responsibility objectives.

Social Action Plans

The Memorandum points to the need to develop concrete social action plans together with the social partners. We recommend that the social action plans have concrete time frames and that first outlines are available soon. The European Commission and the European energy secretariat could develop an indicative list of issues to be addressed based on the Memorandum. The governments and national social partners will set priorities. The European electricity social partners underline their commitment to assist the region's electricity social partners in implementing the MoU and as expressed in their joint statement of December 2004 (*South East European Energy Community, The European electricity sector needs an extended social dialogue*)

The social dialogue is an important part of managing and adapting to change and which is recognized by the MoU.

- We encourage the employers and trade unions from Candidate countries to participate in the social dialogue and the internal workgroups of the social dialogue. This in accordance with the rules each European social partner has for its delegation.
- The electricity partners stress that they are open to representation from employers' and trade unions' organizations in the social dialogue. We request the European Commission to explore with us the possibilities for support of such participation understanding that the financial difficulties the social partners face in some countries are a possible obstacle.
- The positive experience of the series of (sub-) regional seminar we organized for the countries which were not yet member of the EU (2002-2003) is worthwhile analyzing. We commit to do so and this could lead to a similar activity for the electricity employers and trade unions in South East Europe.

The European electricity social partners urge the European Commission and the countries concerned to establish the Social Forum and to have a first meeting in early 2008. The Social Forum is one of the key points in the MoU. We underscore the following main issues:

- Based on our experience with the European social dialogue and other comparable processes the Social Forum will function best if it is a separate place for employers, trade unions and governments to consider the implementation of the energy acquis and its consequences. Although we recognise the links with the existing forums (Athens and Maribor), the social problems are quite distinct, involve different actors with their autonomous capacity to conclude agreements.
- Regularity of the meetings is important. The Forum should have the possibility to establish work groups either for sectors such as electricity or gas, or specific issues such as implementation of the social acquis; dealing with restructuring or promoting the social dialogue.
- The importance of a Steering committee (a Troika composition and social partners) that will be guiding and preparing the work of the Forum together with the Commission and Energy Secretariat.

- We see the monitoring of the implementation of the different issues in the Memorandum; the monitoring of the national social action plans and the exchange of experience with the Memorandum as an important task of the Forum
- As European social partners we are involved in the Social Forum. We will contribute to its development.

We address this statement to the governments of the Energy Community Countries, the European Commission and the European Energy Community

For EPSU

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