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Emergency Resolution: Directive on Services in the Internal Market

Europe has to be more than an Internal Market

Europe's trade unions and citizens cannot accept that the Internal Market becomes the sole driver of European integration. Cross-border trade can deliver growth, employment, and cohesion, but only if works for people, and not against them. Solidarity has to take precedence over competition and Europe has to be more than an economic space. EPSU and the ETUC are increasingly frustrated at the way that "*competitiveness*" is the yardstick against everything is measured and with the lack of progress on social Europe: e.g., both the draft Temporary Agency Work Directive and the Working Time Directive are being challenged, and essentially on "costs" grounds.

The draft Services Directive is fatally flawed

The draft Services Directive is the latest, and one of the most blatant, examples of competition taking precedence over social and environmental concerns. It symbolises many of the issues we are concerned about. The text aims is to promote the Internal Market in "*services*" by forcing Member States to remove barriers that prevent companies operating across borders. However, how will the different services covered by the Directive be affected? EPSU, the ETUC and many other organisations fear that the Directive will undermine Services of General Interest (SGI) and that, in the absence of a European legal framework on SGI, these services will become market commodities to be bought and sold purely for profit. This will counter the objective of achieving quality SGI for all.

Furthermore, what kind of "*barriers*" will be judged as being contrary to cross-border trade? EPSU, the ETUC and many other organisations fear that legitimate social or environmental requirements will be put at risk. The Lisbon conclusions in 2000 stated that "*people are Europe's main asset*" but the proposed Services Directive seems only to take account of the interests of private economic operators when it should have broader objectives such as sustainable development, more and better jobs, greater social, economic and territorial cohesion, and quality SGI.

There are grave concerns about healthcare and social services

EPSU rejects in particular the proposals in the draft Directive governing healthcare, social services and community care to the elderly or disabled persons. It is not possible to inject competition into national, solidarity-based services without undermining their operation. The draft Directive is contrary to Article 152 of the Treaty,¹ which puts healthcare firmly under the responsibility of Member States and also to the new proposed Article III-6 of the draft Constitution. Member States need a wide range of regulatory instruments in order to manage public healthcare expenditure and to ensure quality and accessibility of healthcare.

¹ A. 152 (1) 5 "Community action.....shall fully respect the responsibilities of Member States for the organisation and delivery of health services and medical care..."

EPSU fears that, if adopted, the Directive will weaken national regulatory control, lead to more legal uncertainty and encourage deregulation and privatisation of healthcare services.

Social, employment and trade union rights must be safeguarded

EPSU is also deeply concerned by the application of the 'country-of-origin principle' with respect to its consequences on the capacity of public authorities (at national and local level) to monitor and identify abuses, especially in the labour market. EPSU has serious doubts about the feasibility of monitoring and overseeing providers of cross-border services from their country of origin. It is a legitimate demand that these doubts must be satisfied *before* the Directive is adopted, not afterwards. EPSU has grave concerns about the impact of the Directive on posted workers and believes that the many problems that exist today will be only made worse.

In addition, EPSU is concerned that collective agreements applied through legal mechanisms may be seen as "barriers to trade" and subject to challenge by 'country of origin' companies. This will not only undermine these agreements and lead to social-dumping but it may also make it harder to enforce collective agreements in countries with non-legal systems too. EPSU is also very concerned regarding the effect of the proposed services directive on national negotiating schemes, based upon collective bargaining negotiations between the social partners. EPSU deplores the fact that collective agreements and trade union action to promote workers' rights are not seen as positive elements in European integration - elements which need to be promoted and reinforced, not dismantled. It is not clear what impact the Directive would have on "voluntary" codes of practice and other self-regulatory types of instruments.

Europe need a legal framework to protect and promote quality services of general interest

Rather than pursuing the Services Directive, the Commission and the Council should focus their efforts on establishing a positive legal framework for Services of General Interest for Europe's citizens, as called for by European trade unions and the European Parliament. Work should begin to draw up the public service principles that will underpin such a framework and to develop a European notion of "public interest". EPSU does not see why it is necessary for the Commission to wait until the new Treaty comes into force before beginning this process. The draft Services Directive emphasises that such a framework is urgently needed. The Commission should also ensure that EU position in international trade negotiations is consistent with such a framework. EPSU continues to support campaigns to block the international liberalisation of services when it is not clear what impact this will have on public services in developed and developing countries. The draft Service Directive must not be a step towards the liberalisation of public services in GATS.

The draft Services Directive is not acceptable in its current form

The European Union should not promote trade and competition in SGI nor should it promote competition between workers and call into question collectively agreed rights and protections. EPSU and its affiliated organisations will build alliances with other organisations concerned by the Directive in order to counter its proposals. EPSU calls on the European Commission, Member States and the European Parliament to reject the draft Directive in its current form.

Adopted by the Congress