



## **Statement of the EPSU Steering Committee on the adoption of the European Parliament's report on state aids package**

*Press Release – 24 February 2005*

The Steering Committee of the European Federation of Public Service Unions, EPSU, meeting on 25 February in Brussels condemns the vote in plenary on the in't Veld report on state aids in the form of public service compensation, as adopted by a conservative – liberal majority of the European Parliament on 22 February.

The report describes state aid provided for public hospitals and social housing as a distortion of competition. Member States are required to submit reports to the Commission on state aid granted to service providers. With the adoption of this report the European Parliament has further accentuated the market-orientation of the state aids package as initially proposed by the European Commission with far reaching consequences for the capacity of local government and other public authorities to organise local public services. This vote also goes against article III-122 of the draft Constitutional Treaty whereby services of general economic interest need to be able 'to operate on the basis of economic and financial conditions, that enable them to fulfill their missions' confirming the competence of Member States 'to provide, to commission and to fund such services'.

EPSU urgently calls on the European Commission to stick to its position where public hospitals and social housing remain exempted from the obligation of notification, and to extend these exemptions to all social public services that have no, or no significant impact on the European internal market.

We also expect the Council to follow this position.

EPSU finds it unacceptable that local public services are purely considered from an internal market and competition logic, totally ignoring the predominantly social missions of these services. We reiterate our demand to define a positive role for public services within the European Union requiring proper debate and evaluation as follow-up to the White Paper on Services of General Interest published in 2004. The expected Communication of the Commission on Social Services of General Interest can provide the adequate platform for such a public debate.

EPSU reminds EU policy makers that public services were created in the 19th century as a response to market failure, essentially to improve public health and public order. We do not want to return to an old-style 'laissez-faire' policy, especially when more recent failures of privatisation measures clearly illustrate the need for public intervention within a social market economy.

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*EPSU, the **European Federation of Public Service Unions**, is the largest federation affiliated to the ETUC and represents 8 million workers providing services to the public in health and social care, local, regional and central government, and utilities in energy, water and waste.*

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