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## **Resolution R5 Public Services in an Enlarged European Union**

### **A. Introduction**

Enlargement of the European Union is progressively reuniting the continent. The next expansion of the European Union will become effective on 1 May 2004. This will be a historic step in the further construction of the European Union. EPSU embraces this development as an opportunity to further build peace, stability and prosperity in Europe. At this stage, the focus of policymaking is no longer on accession but attention needs to shift to the question: what policy measures are necessary in the enlarged EU? Effective instruments are required to manage continuous change and adaptation within the enlarged EU combining values of economic efficiency with solidarity within a social market economy and democracy in all spheres of society, including the world of work, recognising the responsibilities of social partners.

EPSU is committed to face up to the challenges presented by this historic opportunity and will contribute with its policy and action to demand the respect of trade union rights, the recognition of the role of trade unions in policy development, the establishment of effective information and consultation structures, industrial relations, fairer distribution of wealth, good conditions of work and pay, equal treatment of women and men, non-discrimination of ethnic minorities, high quality public services, social and regional cohesion, an inclusive society and good governance. Adequate instruments are required to avoid an uncontrolled development of phenomena such as rampant unemployment, social dumping, tax competition and skill and brain drain, resulting from free movement through effective practical implementation of the EU social acquis. It is only through conscious management of this political challenge that general disenchantment with EU integration, nationalist or even xenophobic eruptions can be prevented.

Following the 2000 General Assembly, EPSU established a Task Force on enlargement of the European Union, which met five times in venues, such as Sophia, Riga and Tallinn. The Task Force was to analyse the implications of EU enlargement for the public sector and its trade unions. EPSU also carried out a series of seminars in the sectors of local government (Prague, 20-23 October 2001), national administration (Krakow 28 – 30 June 2002), electricity (with EMCEF and Eurelectric in the frame of the social dialogue, Budapest, 19 – 20 September 2002), health (Bratislava, 12-15 September 2003). All of these activities have highlighted the problems EPSU needs to tackle with its affiliates, they have allowed for networking amongst affiliates and they have certainly provided an indication as to the necessary future orientation of EPSU's work. Efforts were also undertaken to facilitate participation of trade union representatives in EPSU's statutory working structures, in seminars and conferences.

There is however no doubt that co-operation and liaison under the EPSU umbrella requires further improvement, in particular to enhance the active involvement of trade unions from the accession countries.

## **B. Public Services in the enlarged European Union**

The transformation of formerly centralised state-run economies in Central and Eastern Europe has led to privatisation in the areas of electricity, gas and water and frequently, transnational companies have taken over the running of these services. Like in EU countries this has entailed rationalisation of services and job losses. EPSU has supported the trade unions in their efforts to obtain social plans and respect of collective agreements by foreign owners. The European electricity and gas markets have seen an extra-ordinary concentration of powers in the hands of just a few companies that have extended their activities to Central and Eastern Europe.

In the health care sector on Central and Eastern Europe there is evidence that international organisations, such as the World Bank, have successfully advocated that the funding of these systems be through social insurance schemes rather than progressive tax funding. Due to the percentage of the informal economy in these states this has the effect of increasing funding pressures. Rather than funding being based on means, there is an individualisation of the process with medical expenditure paid by informal out-of-pocket payment. The switch to insurance schemes has also made private activity in the sector easier. This has further pressurised health services into problems of capacity to deliver anything more than minimum provision. EPSU will advocate that social insurance schemes must be guaranteed a secured funding base.

A process of transformation has also occurred in public and civil services, endeavouring to move away from a completely politicised public administration to one based on ethical principles of 'neutrality' and 'incorruptibility'. In spite of the introduction of fundamental reforms, the transformation of public administrations is work in progress. In many countries the reform effort is described as moving 'to and fro' or even 'forward and backward'.

Compared with current EU member states the number of civil servants in most accession states is subject to high fluctuations because of the redefinition of the civil services, the introduction of stricter rules and political and/or financial considerations. The number of civil servants and public service employees has decreased in a number of accession countries, for example the total number of public sector employees in Bulgaria fell by 10 % when the present government came into power. The civil services in the accession countries are characterised by a high proportion of female staff. This trend is still moving upward. Pay levels in the public sector generally lag behind those of the private sector.

The accession countries are still characterised by rather centralist government structures and consequently decentralisation processes in Central and Eastern Europe primarily aim at deconcentrating central government functions by transferring them to regional or local administrative units. They can be more adequately described as deconcentrated outposts of central ministries. Devolution of government functions to regional and local self-government levels do, however, not necessarily accompany this process. The funding of local public services is a major problem.

The 'administrative capacity' of the accession countries was and still is a prominent feature in the regular European Commission reports. Although the European Commission has no direct powers to regulate national civil service law and administrative structures, it has formulated explicit and far-reaching requirements for the accession countries to establish independent and professional civil services. The European Commission actively pursued the establishment of new levels of government, the creation of new agencies, improved co-ordination and changes in budgetary procedures and financial control. These changes were argued with the need to implement the 'acquis' in areas relating to the internal market, public procurement, food safety, recognition of professional qualifications, nuclear safety, border management, fight against fraud, money laundering and organised crime.

### **C. Social dialogue and collective bargaining structures**

The structures for social dialogue and collective bargaining are underdeveloped in the accession countries of CEE. A number of reasons can be given for this structural shortcoming: dominance of tri-partite social dialogue structures and consequently a focus of the relations with government rather than autonomous bilateral relations between social partners, low and declining levels of unionisation, fragmentation of unions and employers. In the public sector some of these problems are confounded by unclear positions of the role of government as employer, the introduction of civil service acts tending to reduce the role of trade unions as well as limiting and / or prohibiting the right to strike, insufficient devolution of powers also in terms of collective bargaining rights and financial restrictions. The situation is different in the utilities area where affiliates were able to reach agreements at company level and, in a limited number of cases, also at sectoral level. In general, it can be said though that collective bargaining at sectoral level is literally non-existent, due to an overall lack of employers' organisations.

### **D. Orientation for EPSU's future work in the enlarged European Union**

EPSU is committed to furthering the European social model, based on high quality public services, strong unions and well functioning social dialogue and collective bargaining. The enlarged European Union cannot just be an enlarged internal market. This would be fatal in terms of social justice and economic and social cohesion. In this regard, the outcomes of the work of the Convention and the subsequent Intergovernmental Conference are crucial for the future of the European Union to determine values, objectives and policies.

The composition of the EU institutions, e.g. the Commission, the Economic and Social Committee, the Committee of the Regions will reflect the new member states. EPSU's efforts need to underpin good relations with these institutions from a trade union perspective.

EPSU will link into the PSI campaign on quality public services. This means the promotion of positive public service reform and to develop models of public / public partnerships. Special attention has to be given to the possibilities of supporting human resources development throughout the public sector to enhance the attractiveness of public services as a workplace. The business activities of transnational companies in the utilities areas requires continued monitoring, in particular in view of their industrial relations record. The European Works Councils have a crucial role to play to support this work.

A priority in EPSU's future work and resources must be geared towards facilitating and assisting in the establishment of adequate social dialogue and collective bargaining structures in the accession countries of CEE in particular. The positive role of collective bargaining as a motor of development and upward convergence has to be acknowledged to ensure that economic and productivity growth is translated into higher wages and better working conditions. EPSU will extend its collective bargaining network to cover the accession countries and co-operate with the ETUC / ETUI to collect data on working conditions and collective agreements. The negotiating capacity of the trade unions in the accession countries must be further enhanced through exchange of experience and expertise and development of strategies for multi-employer bargaining, pattern bargaining and extension clauses. EPSU will work with affiliated unions in Central and Eastern Europe to make effective use of the 'wage co-ordination guideline' to ensure that workers can benefit from productivity gains and increases in economic growth as part of a 'catching-up' development.

The potential model function of the European social dialogue at sectoral level has to be recognised and built upon. It is crucial to establish a sectoral social dialogue in all sectors covered by EPSU and to include representatives from all accession countries into the sectoral social dialogue. The sectoral social dialogue committee should support the transposition, implementation and enforcement of the EU social acquis, as well as ILO and other international standards.

The implementation of the social acquis depends on the active involvement of the social partners at national levels, for example on the working time directive and health and safety legislation. EPSU will evaluate the progress in the transposition of EU social acquis on a yearly basis and publicly denounce violations by employers and governments of core legislation through publication of a 'black book'.

EPSU needs to review its internal operation to take account of different needs within the enlarged European Union and a further enlarging European Union.

- The current constituencies of Central and Eastern Europe do not function as a basis for representation in EPSU bodies. The geopolitical areas covered are too wide and the number of unions involved is too large to allow for effective co-operation. A different design of the constituencies has to be developed to facilitate sub-regional co-operation and co-ordination of unions.
- The EPSU Enlargement Task Force should not continue in its current format. Instead EPSU should support liaison between unions of sub-regions (e.g. the Baltic countries) or identified groups of countries through elected co-ordinators.<sup>1</sup> It is also necessary to establish and further build other expert networks, e.g. for collective bargaining, trade union education, gender equality and European Works Councils. Cooperation and co-ordination of unions at sub regional levels is to be encouraged, not only between unions from 'old' and 'new' Member States, but also amongst unions of new Member States to exchange information and experience on collective bargaining.
- EPSU will explore the possibilities of training trade union organisers to support the efforts of affiliates in Central and Eastern Europe to increase unionisation levels. EPSU will also facilitate exchange of experience on recruitment strategies. EPSU will encourage strategic and longer term planning of affiliated unions, also with a view to building up resources and staff in areas such as organisation, negotiation and European affairs. Staff resources need to be made available within the EPSU Secretariat to facilitate and co-ordinate this work and possibilities of pooling resources both with affiliates and PSI need to be examined.
- An EPSU information toolkit, accompanied by teaching materials is being developed. This material is to provide a framework of common objectives for training and organising purposes and its use will be promoted for bilateral / multilateral trade union co-operation under the EPSU umbrella.
- EPSU will integrate the 'enlargement' dimension into the work of all its statutory structures and will consider adequate forms of discussing pertinent issues for policy development.  
The CEE Constituencies will nominate a representative to give an update on collective bargaining developments as a fixed item on each of the four EPSU Standing Committees.

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<sup>1</sup> These could be recruited from the group of representatives from the accession countries in EPSU bodies.

- EPSU needs to open its work to the Balkan area as a whole and to develop positions on relevant EU policies in the Balkan area, such as the internal market for electricity and gas or migration policies, and establish better links with the trade unions in the region, including Turkey.

Adopted by the Congress