

**Unions condemn lack of social dimension
of South East European Energy Treaty**
Energy conference Sarajevo, Bosnia-Herzegovina, 10-11 December 2004
Press Release, 10 December 2004

The European Union is negotiating a Treaty to establish an internal market for electricity and gas in South East Europe. This Treaty will extend the EU's laws and regulations for the first time to other countries in a legally binding manner. A ministerial Conference will consider a final draft of the Treaty 13 December 2004.

Trade unions from the countries concerned* discussed the internal market and exchanged experiences with colleagues from the EU. The unions criticise:

- The lack of transparency. The Treaty text is secret. There is little democratic control. The European Parliament is not involved;
- The undemocratic nature of the institutions which are proposed. A Ministerial Council, Regulatory Board and Regulatory Secretariat are foreseen that can take decisions for all countries of the Energy Community. No Parliamentary control of these bodies is foreseen. This is against fundamental democratic principles of the European Union;
- The disregard for the social dimension. The Treaty foresees restructuring and the involvement of the private sector, meaning large and powerful EU energy companies. It does nothing to protect workers and does not extend the EU's social acquis, for example with regard to information and consultation rights or the social dialogue. There is no recognition of the Charter on Fundamental Rights.

The unions demand changes to the Treaty text. They are supported by the **European Federation of Public Services Unions (EPSU)** and its international sister organisation **Public Services International (PSI)**.

*"This Treaty does not balance business interests and those of ordinary citizens and workers. Workers will be faced with restructuring and unemployment. Citizens with higher prices. Many will face problems paying their bill", said **Jan Willem Goudriaan, EPSU Deputy General Secretary**. "The secretive nature of the negotiations is a bad signal and places future progress under a bad omen. We question the one-size fits all approach."*

It is questionable if the EU internal market for electricity and gas is the best model for the countries of South East Europe to adopt since they have different needs and have different stages of development compared to the old EU-15. The unions reject the privatisation of publicly owned companies and call for a moratorium on privatisation. Full impact assessments are to be made first and which include comprehensive social and environmental costs and benefits. The impact assessments are to be based on a participatory model that involves all stakeholders in society.

The Unions have agreed to step up their campaign to see their demands met. A number of actions are foreseen and which include coordinated action.

The unions note further that the EU internal market does not deliver on many of its promises and prudence is called for:

- Prices, especially for domestic users will not go down. Large Industrial Users are confronted with price volatility which makes long term planning and investments difficult;
- There will not be much new investment in capacity or networks. It is actually one of the biggest problems currently for Europe's electricity sector;
- The lack of investment, including in human capital, and the increased trade in electricity based on an infra-structure not designed for trade increase the risks of black-outs and for security of supply.
- The internal market has contributed to more concentration both within countries and across borders.
- 300.000 jobs have been lost in the electricity sector in the EU since the early nineties. No job creation in other sectors has been proven. Research for the Commission indicates no long-term and dynamic productivity gains have been realised.

*Members of the South East European Energy Community are: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro, Turkey and UNMIK Kosovo.

Energy trade unions from all these countries except Turkey participated. Other union representatives came from Germany, France, Slovenia and the UK. The seminar was supported by EPSU, PSI, Verdi and Unison, respectively Public Services Trade Union from Germany and United Kingdom.

For further information please contact:

EPSU, Jan Willem Goudriaan

Tel. Office: 32 2 2501080 or Mobile phone: 32 475 25 69 12 or email: epsu@epsu.org

*The **European Federation of Public Service Unions (EPSU)** is a free and democratic Federation of independent trade union organisations for employees in public services in Europe. It is the largest industry federation within the ETUC. The Federation speaks on behalf of over 190 public sector unions representing over 8 million organised workers in national and European administrations, local and regional government, health and social services and public utilities (energy, waste, water).*

***Public Services International (PSI)** is a global trade union federation that represents 20 million women and men working in the public services around the world. It has over 600 affiliated unions in almost 150 countries worldwide. PSI is an autonomous body, which works in association with federations covering other sectors of the workforce and with the International Confederation of Free Trade Unions (ICFTU). PSI is an officially recognised non-governmental organisation for the public sector within the International Labour Organisation (ILO) and has consultative status with ECOSOC and observer status with other UN bodies such as UNCTAD and UNESCO.*