



# ETUC

## NEWSLETTER

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Dear Readers,

We would often like to see the construction of Europe moving at a faster pace. Indeed, the recent European Council meeting brought few significant changes to the current *status quo* on some important issues for the European trade union movement. The lack of leadership by the institutions and governments in relation to the Constitutional Treaty, together with the failure to reach a compromise on the revision of the Working Time Directive, showed this to be the case.

Given the practical problems confronting European workers, we cannot afford to wait, we have to take action. The incoming Finnish Presidency of the European Union could be important in helping to revive progress towards European integration and the building of a more social Europe. At our meeting with the Finnish President, we presented our principal demands, calling at the same time for the social partners to be involved throughout this process.

For the European trade union movement, the construction of social Europe is a priority. It represents the answer to a whole range of challenges we are facing these days. It is the best solution to the most pressing concerns of European citizens and workers.

That is why we will be launching, in the autumn, a lively campaign in support of a more social Europe.

John Monks  
General Secretary

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## EU News

### **Working Time Directive: still no agreement in the Council – 2/6/2006**

The **Employment Council**, meeting on 2 June, did not manage to reach a political agreement on the **revision of the Working Time Directive (WTD)**, despite an [appeal](#) from the ETUC for EU Ministers **to respect the [European Parliament position](#)**.

The **ETUC** regrets this state of affairs and **reiterates its appeal** to all European decision-makers **not to weaken this important piece of legislation for all European workers**.

[ETUC press release](#)[EU Presidency press release \(Only in French\)](#)

### **ETUC reaction to the latest interest rate rise by the ECB – 9/6/2006**

For some time now, the **European Central Bank (ECB)** has been engaged in a series of **interest rate hikes**, motivated by the fear that **future wage growth** might turn out to be higher than expected.

An **ETUC [survey](#)** of recent collective bargaining agreements **reveals that wage rises are simply too small to represent an inflationary danger**. It is clear that the EBC is fighting on the wrong battlefield, and ignoring the fact that wage-earners' weak income growth may deliver a renewed setback to recovery.

[ETUC Press release](#)[ETUC study on 'Collective bargaining trends and outcomes mid-2006'](#)[ECB Press release](#)

### **European Constitution: ETUC calls for all-out campaign for Social Europe – 14-15/6/2006**

The ETUC welcomes the [conclusions of the European Council \(14-15 June\)](#) **paving the way towards finding a constitutional settlement** by putting an end to the period of reflection.

The European trade union movement maintains its support for **the main principles of the Constitution**, in particular the [Charter of Fundamental Rights](#), the social objectives and values, and the **role of the social partners**. In this context, **it is crucial that the ETUC should be involved in any reassessment of the Constitution**, in a way that is at least as participative and transparent as the Convention procedure used to draw up the original text, and in which the ETUC played a part.

[ETUC press release](#)[EU Presidency press release](#)

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## **The new EU Sustainable Development Strategy is a step in the right direction – 19/6/2006**

The **ETUC welcomes** the adoption by the **European Council** of a **new EU Sustainable Development Strategy**. For the first time, **European social, economic and environmental policies are integrated in a single framework**. This new Strategy identifies several challenges for a sustainable Europe, in particular **social inclusion, global sustainable development, climate change mitigation and sustainable production and consumption**.

However the ETUC regrets that the Council ignored [proposals](#) from the [European Environmental Bureau \(EEB\)](#), the [European Trade Union Confederation \(ETUC\)](#) and the [Platform of European Social NGOs \(Social Platform\)](#), in refusing to recognise that a **higher overall employment rate and better working conditions are essential to tackling poverty** both in the EU and worldwide.

[ETUC Press release](#)

## **Meeting with the new Finnish EU Presidency – 26/06/2006**

A delegation of trade union leaders headed by John Monks presented their **key demands** for the forthcoming **EU Presidency to Finnish Prime Minister Matti Vanhanen**. The **Trade Union Memorandum** highlights **three priority areas: Social Europe, the social dimension of the internal market, and trade and external relations**. The ETUC also called on the incoming EU leadership to start exploring options for **resolving the current Constitutional impasse**.

«Europe needs to concentrate on a positive agenda, **to answer the most pressing concerns of citizens and workers**, to restore their confidence and their support for the EU, »declared John Monks.

[ETUC press release](#)[Trade Union Memorandum to the Finnish Presidency](#)

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## ETUC News



### ETUC Executive Committee – 6-7/6/2006

Meeting in Brussels on 6-7 June, the members of the ETUC Executive Committee discussed several important topics on the European social agenda.

The main items were [the future of Europe and of the Constitution](#), the [Services Directive](#) and [the revision of the Working Time Directive](#).

The Committee adopted **two resolutions** on the need for a [framework directive regulating services of general economic interest](#) and the [Mid-term review of the ETUC Equality Plan 2003-2007](#).

EU **monetary policy** and the leadership of the **European Central Bank (ECB)** were also on the agenda, and the Committee adopted a [resolution](#) calling for **a different monetary policy regime for the euro area**.

The ETUC Secretariat reported to members of the Committee on **the negotiations on violence and harassment at work** in the framework of the new European Social Dialogue programme for 2006-2008. The meeting also discussed the state of play on **implementation of the Telework Agreement**.

The ETUC organised a **press conference** to follow the Executive Committee meeting.

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## EU Agenda

### June - July 2006

01-02/06/2006	Justice and Home Affairs Council (Luxembourg)	<a href="#">Council Agenda</a>
01-02/06/2006	Employment, Social Policy, Health and Consumer Affairs Council (Luxembourg)	<a href="#">Council Agenda</a>
07/06/2006	ECOFIN Council (Luxembourg)	<a href="#">Council Agenda</a>
08-09/06/2006	Transport, Telecommunications and Energy Council (Luxembourg)	<a href="#">Council Agenda</a>
12-13/06/2006	General Affairs and External Relations Council (Luxembourg)	<a href="#">Council Agenda</a>
12-15/06/2006	Plenary session at European Parliament (Strasbourg)	<a href="#">Plenary session Agenda</a>
15-16/06/2006	European Council (Brussels)	<a href="#">European Council Agenda</a>
26-27/06/2006	Environment Council (Luxembourg)	<a href="#">Council Agenda</a>
26-27/06/2006	General Affairs and External Relations Council (Luxembourg)	<a href="#">Council Agenda</a>
29/06/2006	Competitiveness Council (Luxembourg)	<a href="#">Council Agenda</a>
03-06/07/2006	Plenary session at European Parliament (Strasbourg)	<a href="#">Plenary session Agenda</a>
06-08/07/2006	Informal meeting of Employment, Social Policy and Health Ministers (Helsinki)	<a href="#">Meeting Agenda</a>
10-11/07/2006	Informal meeting of Competitiveness Ministers (Jyväskylä)	<a href="#">Meeting Agenda</a>
11/07/2006	ECOFIN Council (Brussels)	<a href="#">Council Agenda</a>
14/07/2006	ECOFIN Council (Brussels)	<a href="#">Council Agenda</a>
15-16/07/2006	Informal meeting of Environment ministers (Turku)	<a href="#">Meeting Agenda</a>
17-18/07/2006	General Affairs and External Relations Council (Brussels)	<a href="#">Council Agenda</a>
24/07/2006	Justice and Home Affairs Council (Brussels)	<a href="#">Council Agenda</a>

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## ETUC Agenda

### June – July 2006

	05-07/06/2006	SAK Congress (Helsinki, Finland)	<a href="#">Congress programme</a>
	06/06/2006	ETUC Steering Committee (Brussels)	
	06-07/06/2006	ETUC Executive Committee (Brussels)	
	07/06/2006	ETUC Press conference (Brussels)	<a href="#">Press conference programme</a>
	09-10/06/2006	FGTB Congress (Brussels)	
	12-16/06/2006	CFDT Congress (Grenoble, France)	<a href="#">Congress programme</a>
	21/06/2006	Employees Group extraordinary Meeting at the European Economic and Social Committee (Brussels)	
	25-28/06/2006	UIL Congress (Rome)	<a href="#">Congress programme</a>
	30/06-01/07/2006	ETUC Summer School (Stockholm, Sweden)	

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## Communications



### Two brochures from the ETUC Trade Union Press network

The **Press and Communications Department of the ETUC** announces the **publication of two brochures**: one on the [Lisbon Strategy](#) and the other on the [EU Charter of Fundamental Rights](#). These two documents are the **outcome of a project** organised by the ETUC and co-funded by the European Commission. They were written by a group of trade union journalists from different national centres.

These publications have been **translated into a number of languages**:

- **Charter of Fundamental Rights**: [English](#), [French](#), [Romanian](#), [Italian](#), [German](#), [Finnish](#) and [Portuguese](#);

- **Lisbon Strategy**: [Danish](#), [Hungarian](#), [Italian](#), [Portuguese](#) and [English](#).

If you would like to obtain copies, please contact Daniele Melli: [dmelli@etuc.org](mailto:dmelli@etuc.org)



### Publications- recent Commission documents

The following reports are now available:

- Communication: [Europe in the World: Some Practical Proposals for Greater Coherence, Effectiveness and Visibility](#) (08/06)
- Communication: [The European Institute of Technology: further steps towards its creation](#) (08/06)
- Communication: [The Growth and Jobs Strategy and the Reform of European cohesion policy – Fourth progress report on cohesion](#) (12/06)
- Communication: [Public finances in the European Monetary Union: 2006 report](#) (13/06)
- Communication: [Third report on the practical preparations for the future enlargement of the euro area](#) (22/06)



### Launch of the Finnish EU Presidency website

The website of the Finnish EU Presidency is now available in English at: [http://www.eu2006.fi/en\\_GB/](http://www.eu2006.fi/en_GB/). The Finnish Presidency runs from 1 July to 31 December 2006.

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## Dossier

### Protecting the worker and not the job? The real lessons from collective bargaining practice in Denmark and Sweden.

#### 'Saving the people on board, not the sinking ship'

The present debate in Europe on 'flexicurity' is a narrow one. **It reduces the discussion to the Danish variant of no or little job protection combined with high unemployment benefits.** Systematically referring to the Danish case and **presenting this model as 'free firing of workers'** promotes the idea that European workers should give up job protection in return for what is known as 'protected mobility'. **In this scenario, security does not mean workers holding on to their present jobs, but workers moving from one job to another.** Commissioner Spidla recently illustrated this approach by claiming that *'if the ship is sinking, you don't try to save the ship, you evacuate the people on board'*<sup>1</sup>. In other words, employment protection legislation should be abandoned and policy should instead invest in training, and assist retrenched workers to find new jobs. **But is it really the case that job protection does not play any role at all in the Danish 'flexicurity' model?** Aren't those who argue for doing away with job protection altogether not jumping to the wrong conclusions?

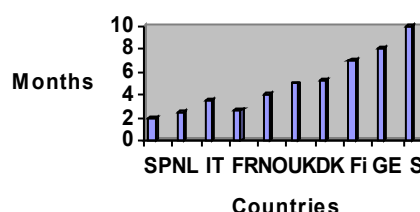
#### Denmark also protects jobs

**International rankings, developed by the OECD, do indeed point to a relatively low overall level of job protection in Denmark**<sup>2</sup>. Danish labour law does not force employers to obtain prior administrative permission before firing workers or to award high amounts of severance pay. As a consequence, **overall job protection for regular workers is a little bit higher than half the level of German, French or Spanish job protection.**

However, **this does not mean that all workers can simply be fired on the spot.** In line with the well known Nordic tradition of collective bargaining, social partners fill the vacuum that labour law leaves. **Trade unions negotiate job protection for workers through collective agreements** covering the different sectors of the economy and reaching out to a vast majority of workers. In particular, **Danish collective bargaining agreements oblige employers to notify retrenched workers well in advance.** According to OECD statistics<sup>3</sup>, business needs to respect a notification period of four months in the event of a collective dismissal of a worker with four years of tenure. With 20 years of tenure, the notification period goes up to five months, and on top of this a severance pay of one and a half months is added.

**The graph below illustrates that the notification period (in the case of 20 years' tenure and collective dismissal) in Denmark and other Nordic countries is actually higher than in France and Southern European countries.** Only Germany has a length of notification period comparable to the Nordic countries. It is also worth considering the high period of notification in Sweden (10 months), making overall job protection in Sweden not so flexible but avoiding a damaging impact on employment. Indeed, Sweden has

Notification periods, 20 year tenure  
and collective dismissal



<sup>1</sup> Speech given to the informal summit of Labour ministers, Austrian presidency.

<sup>2</sup> OECD indices range from index 0 (no job protection) to index 6 (maximum job protection). Overall job protection includes notification periods and severance pay but also administrative formalities and bureaucratic procedures such as, for example, asking and obtaining prior permission before firing workers.

<sup>3</sup> Source: OECD. Employment Outlook 2003.



one of the highest employment rates in Europe and the world.

**So it appears that there is no such thing as 'free firing' of workers in Denmark.** While some job protection requirements such as administrative processes and severance pay are indeed less strict than in other countries, **Danish workers enjoy notification periods that are actually higher than in many other parts of continental Europe.**

### **More valuable lessons from Nordic collective bargaining practice**

**Why do Denmark, Sweden and Finland put so much focus on workers' rights to notice of retrenchment?** The reason is that **advance notification reduces the costs of adjustment by giving retrenched workers a head start.** Advance notification is like an early-warning system signalling to workers the need to prepare, to start looking for another job and, if necessary, to engage in retraining. It does not come as a big surprise that research shows that workers with advance notification indeed spend less time being unemployed and find a new job more easily<sup>4</sup>.

**But there is even more to it. Denmark and Nordic countries in general do not limit themselves to simply warning workers of change in advance, they also make sure workers have instruments at their disposal that allow and help them to address change in a productive way.** From the moment collective redundancies are announced in, for example, Denmark, the enterprise is 'invaded' by the public employment office and social partner institutions offering advice and other means of assistance to those workers receiving notification. **Collective bargaining practice in Sweden is another good example.** In Sweden, collective agreements at industry level have set up 'career transition' funds financed from the business sector and jointly managed by social partners. **These funds provide notified workers with training, job-search assistance, or paid internships in other firms, even while they are still formally employed by the company that is firing them.** The basic philosophy is to provide immediate help and support to workers, not to let people disappear into unemployment and then only activate them after six months or a year. **But this, of course, presupposes that firms are obliged to provide a period of advance notification** during which this kind of active support is given to the workers concerned....

### **Conclusion: Europe should get the policy discussion right**

**A closer look shows that the way the Danish system of employment protection is presented today is not correct.** The flexibility component of Danish 'flexicurity' should not be portrayed as offering not a single obstacle to businesses firing workers at will. **Some elements of job protection are indeed at lower levels in Denmark, but at the same time Denmark and other Nordic countries are quite tough in establishing workers' rights to advance notification.** At the same time, advance notification is used by the Nordic countries as a crucial opportunity to actively assist workers in the process of structural change. All of this has important implications for the ongoing drive for 'flexicurity' at the European level. **Europe should get the policy discussion right.** The policy issue is not about giving business, on top of increased opportunities to outsource activity to low labour-cost countries, another present by getting rid of job protection altogether. **Instead, one important part of the real reform agenda is to change the way job protection systems work.** Policy (and this included collective bargaining practice) should make sure **job protection systems provide workers with adequate advance notification periods and use this time-window of job protection to accompany workers so that they can move into new but decent jobs.** So yes, of course we need to protect the worker and invest in workers' skills and mobility. But in order to do so we also need to protect the jobs so that workers, when they come to the end of their employment relationship with a firm, are much better prepared and equipped than would have been the case with 'free firing'. **Finally, one important caveat remains.** The analysis thus far has focused on modalities and processes relating to slimming down employment and **investing in external protected mobility.** But **even more important is to anticipate restructuring by making sure firms invest in timely innovation, training and internal mobility of the workforce.** As the European social partner framework on restructuring puts it, firing workers should only be seen as the last available option.

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<sup>4</sup> Torres Raymonde. Social Accompaniment measures for globalisation: Sop or Silver lining?

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## Interview



### **We talk with Tom Jenkins, ETUC External relations Coordinator**

In its memorandum to the incoming Finnish Presidency of the EU, the ETUC highlights *Trade and External Relations* as one of the priorities for action over the coming six months. We talk to the ETUC's External Relations Coordinator Tom Jenkins about the main issues.

#### **1 - European leaders have acclaimed the last EU enlargement in 2004, taking in 10 new Member States, as a success, particularly in economic terms. Does the ETUC see it in the same way from the social and trade union point of view?**

**Tom Jenkins (TJ):** Enlargement has certainly been a success, and the ETUC was calling for it for a long time. We already enlarged to take in trade union organisations from these countries many years ago. We used the accession mechanisms as a way of leveraging social policies, and have pushed for social dialogue during the negotiations. We are still doing that, for example in the case of Turkey, and that is helpful. As long as countries want to join the EU, that gives us an opportunity to develop trade union and labour issues. The European Commission's recent Communication on *Enlargement, Two Years After*, picks this up when it talks about "strengthening social dialogue", but there is still a lot to be done in this area.

It is quite clear that although most of the countries have got formal social dialogue structures, the reality is that they tend to be tripartite, rather than enabling employers and employees to negotiate together. In some cases, normal social bargaining rights have not been accepted.

The other problem is the employment situation. The employment rate is substantially lower in the EU-10 than in the older Member States, while unemployment is running at 5.5% above the EU-15 average. But without EU membership the situation would probably be worse.

A central issue has been internal migration and the free movement of labour. On that, the ETUC has taken a courageous position and we have been totally coherent. We have pressed for free movement for workers everywhere - anything else encourages exploitation.

When it comes to the internal market for services, the whole trade union movement agrees that the country of origin principle is damaging for workers' rights. And we have found ourselves on the winning side, together with the European Parliament. Our approach is to achieve openness without exploitation, and upward movement towards higher standards everywhere.

#### **2 - What is the European trade union movement's view on migration, which has been on the agenda of the European Council? And what can the EU do to promote its social model in other countries?**

**TJ:** We believe Europe should employ a common approach on migration, but we have seen contradictions between Member States' policies, even within the Schengen area. The ETUC supports equal rights for all workers in the EU, free of discrimination or racism.

We also want generous policies. We understand the 'pull' factors that encourage people to move in search of a better life for themselves and their families. But proper development support is required to tackle 'push' factors, such as appalling poverty, so that workers can make a decent living at home.

We have been cooperating with the international trade union movement on the UN Millennium Goals, and want to see the Doha World Trade Organisation talks become a real development Round. The EU is a strong player as far as trade is concerned, and can make a difference.

Our approach is to link trade with core labour standards, freedom of association, collective bargaining, and an end to child and forced labour. We want coherent policies, so that trade is not divorced from development and social issues.

We are shocked by recent cases of European companies investing in China and Vietnam, for example, blackmailing governments not to introduce better living and working conditions. This is indeed "[outrageous](#)", when Europe is supposed to pride itself on being a beacon in the world.

The ETUC wants to see independent trade unions established around the world, able to engage in free collective bargaining. In China, for example, there is a lot of legislation, but very little negotiating going on.

We have also urged the European Commission to introduce sanctions against Belarus, in the face of anti-democratic and anti-trade union activities. There is a patchy response on these issues from the EU, but we are pushing and we have scored some successes.

### **3 - The European Commission has postponed its final evaluation of Bulgaria and Romania's readiness to join the EU until the autumn. How does the ETUC assess the situation in these countries?**

**TJ:** We have been working closely with our affiliates in Romania and Bulgaria, using the process of accession as a lever to get some positive responses from the authorities in those countries. Social dialogue provisions still leave a lot to be desired, however. These trade unions organisations have been members of the ETUC for quite a long time, and we are looking forward to working with them in the EU. The ETUC's voice does count in these negotiations, and the governments have listened to us.

### **4 - What is the ETUC's position on further enlargement of the European Union in the future?**

**TJ:** The Balkans are the next area where we want to see progress towards EU accession, although it will take a long time for some of these countries. We have recently written to the Prime Minister of Albania, where the police took over the offices of two national trade union centres.

Albania has just signed a Stabilisation and Association Agreement with the EU, which we support, but that means respecting obligations and standards. We have asked the European Commission President to put this to the authorities.

The ETUC already has affiliates in candidate countries Croatia and Turkey, and observer organisations from other Balkan states, in preparation for future enlargement. We see the Balkans as part of the ETUC area.

### **5 - November 2006 will be an important date for the global trade union movement, with the creation of a single International Trade Union Confederation (ITUC) uniting the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL), as well as non-affiliates. What will the ETUC's role be in the new organisation?**

**TJ:** The Pan-European Regional Council (PERC) will cover all the ITUC members in the wider Europe, with ETUC involvement and leadership. It will deal with issues of common interest, for example in relation to energy, environment or migration issues. The PERC will also liaise with bodies such as the Council of Europe and the International Labour Organisation (ILO).

John Monks will be General Secretary. We will keep a clear distinction between the role of the ETUC and the PERC, and what should be discussed at each level. But there will be some activities, focusing on women or young people for example, where the ETUC could open up its agenda to pan-European unions.

It is 'work in progress', and there has been a lot of discussion about the structures. Just like the ETUC, it is an evolving process. We are setting up networks and seeing what people need.

**Editorial team**

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