

### Overview on the Content of this Issue

#### 1. International Affairs

- The most recent developments concerning the 2006 ILO conference, especially with regard to a proposed disclaimer amendment to be integrated into the draft recommendation on the Employment Relationship can be obtained in section 1.
- On the invitation of the ILO, Denis Pennel took part in a seminar on work migration agencies in Kiev. More information on this seminar is also included in the section on international affairs.

#### 2. European Affairs

- **Services Directive:** After the Commission has published its revised proposal on the Services Directive in April, the political debate in the Council of the European Union progresses. According to information obtained, the common position of the Council will be largely based on the revised Commission proposal and will most probably not reopen the controversial debate related to the scope of the Services Directive and the inclusion of temporary agency work.
- **Agency Work Directive:** Following the exclusion of temporary agency work from the scope of the proposed Services Directive, a relaunch of the debate on setting common minimum standards for the agency work industry is rather likely. Recent statements of Commissioner Spidla confirm this assessment. Eurociett aims at keeping the current draft Directive blocked in the Council, while preparing internally an alternative approach for lifting restrictions for the agency work sector and protecting the basic social rights of agency workers. Such an approach should be guided by the principle of flexicurity.
- **General European Affairs:** Information on the restrictions for the free movement of workers from the new Member States, a new Commission's initiative to promote internal market policies, the Spring economic forecast of the European Commission and other current topics can be obtained in section 2.

#### 3. Public Affairs Actors and Networks

- **International Confederation of Free Trade Unions:** The structure and policy objectives of the International Confederation of Free Trade Unions is presented in the section on Public Affairs Actors and Networks.

### 1. International Affairs

#### **ILO 2006 Conference**

As mentioned in the previous Public Affairs Report, the Ciett Secretariat has prepared a disclaimer amendment to be voted at the beginning of the next ILO Conference (31<sup>st</sup> of May – 16<sup>th</sup> of June), stating that the Recommendation on the Employment Relationship to be discussed during this Conference has no impact or interference with ILO Convention 181 on Private Employment Agencies.

The amendment, which reads *“This Recommendation does not affect nor revise any provision applicable to Private Employment Agencies under Convention 181”*, aims at avoiding any legal uncertainty between the two ILO instruments (and therefore should prevent any impediment in the ratification process of Convention 181). It should appear as a pure technical amendment, in order not to re-open the whole discussion on private employment relationship.

Ciett will be attending the conference at two different levels: Joel Biller and Fred van Haasteren will be part of their national employers delegation (respectively for the USA and the Netherlands), and a person from the Secretariat will take part as observer.

***Members who are willing to attend the Conference as observers along with the Secretariat should inform Denis Pennel quickly (6 observer seats should be made available to Ciett).***

#### **ILO seminar on Decent Work in Kiev**

Following the invitation of the ILO, Denis Pennel took part in a seminar held in Kiev on April 11<sup>th</sup> & 12<sup>th</sup> on "Promotion of decent work, regulating & monitoring PrEAs". This seminar was a follow-up of the one Ciett attended last December, but was that time only focusing on Ukrainian issues. Attendance (around 50 persons) consisted of national trade union and PrEA representatives as well as officials from the Ukrainian Ministry of Labour.

The Ukrainian government is currently drafting a law to regulate PrEAs that provide cross border services, and is also reviewing the opportunity to ratify Convention 181. The law that is being drafted will only focus on cross border assignments. The Ukrainian domestic market is not yet regulated at all, and there is no plan to change that situation for the time being.

But one issue remains controversial in Ukraine: fee charging to job seekers. For the time being, PrEAs that send workers abroad are charging fees both to user companies and job-seekers! Most of the Ukrainian PrEAs are in favour of this practice, a position that is supported by the Ukrainian government. Only trade unions are against it.

***As a keynote speaker, Denis Pennel reminded the audience that fee charging to jobseeker is against the provision of ILO Convention 181 as well as against the Ciett Code of Conduct. Ukrainian national government officials have been impressed by Ciett's position, and may reconsider their position on this issue.***

## 2. Main European Policy Priorities for the Private Employment Agency Sector

### Services Directive

On the 4<sup>th</sup> of April, the European Commission has published its revised proposal on the Services Directive (please consult the last issue of the Public Affairs Report for a detailed summary of the content). The most important elements of the revised proposal for the agency work industry are that services provided by temporary work agencies have been completely excluded from the scope and that labour law has been broadly excluded from the Directive. The European Commission has based its revised proposal largely on the amendments adopted by the European Parliament.

According to statements of several heads of state and government, the Council does not intend to re-open the debate on the most controversial issues like the scope, the Article 16 (freedom to provide services) and labour law. The Council will probably support the revised proposal and might only propose rather moderate changes. The Competitiveness Council that took place on the 21<sup>st</sup> and 22<sup>nd</sup> of April brought an agreement within reach. As a strong signal sent to the European Parliament, Members of the European Parliament's high-level group on the Services Directive had also been invited to take part in the informal Council meeting. Malcolm Harbour (EPP, shadow-rapporteur on the Services Directive) underlined that a clear commitment had been given by this informal Council and the Council Presidency that the Parliament's draft text as voted in the first reading will be the basis of the Council's common position. Malcolm Harbour also underlined that the Council's commitment paved the way for an early political agreement on the disputed Directive. Therefore, the first reading in the Council can be expected to be completed before summer 2006. In that case, the second reading in the European Parliament could be completed by the end of the year.

Ahead of the informal Competitiveness Council meeting, UNICE addressed a letter to the Council Presidency acknowledging that some improvements have been made, while advocating especially that the Council should not endorse the reduced scope of the Services Directive and should re-include temporary agency work under the scope of the Services Directive.

***During the debate in the Council, Eurociett will continue to advocate that activities of temporary work agencies should be re-included in the scope of the Services Directive. Eurociett has prepared a position paper, which has been circulated to Eurociett Members and distributed to the permanent representations of the EU Member States in Brussels.***

***Additionally, Eurociett has prepared a template letter summing up the arguments why temporary agency work should be covered by the Services Directive in four languages (English, French, Portuguese and German), which has also been distributed to the Eurociett Members. Members are requested to send this letter to their national government.***

### **Agency Work Directive**

According to information obtained from DG Employment, the European Commission currently follows a two-step approach with regard to the current draft Agency Work Directive. Commissioner Spidla will first try to sort out possibilities to reach progress and a possible agreement based on the current, blocked draft Directive.

If this approach proves to be unsuccessful, Commissioner Spidla intends to withdraw the current proposal and start from scratch. However, such a withdrawal is rather unlikely until the political debate on the Services Directive is not completed.

***In the current phase, Eurociett will support Member States that keep the current draft Agency Work Directive blocked in the Council and work towards a withdrawal of the current draft Directive. At the same time, internal considerations shall focus on the development of a draft regulatory framework that allows for a better development of the agency work industry, in order to be prepared whenever a debate on a Directive on the Agency Work sector is reopened.***

### **Lisbon Strategy / European Employment Policy**

Following the Spring European Council, which reviewed the Lisbon Strategy and agreed to keep the Employment Guidelines unchanged, Member States are requested to implement the economic and structural reforms outlined in their reform programmes and set up the next national reform programme, which will have to be submitted to the European Commission in autumn 2006.

***Eurociett and its Members should continue to use the Lisbon Strategy to advocate the contribution of private employment agencies to the labour market.***

### **Sectoral Social Dialogue**

Three projects are currently at the centre of the Sectoral Social Dialogue. Eurociett and Uni-Europe had submitted a joint proposal in the framework of DG Employment's recent call for proposals on study projects that are related to work mobility. Unfortunately, this proposal has not been selected for a funding by the European Commission. However, Eurociett will maintain the objective to carry out a study project on work mobility of temporary agency workers in the framework of the sectoral social dialogue. A new proposal might be submitted within the sectoral social dialogue and the corresponding, regular budget lines.

A second project focuses on the organisation of round tables in Central and Eastern Europe, which aims at identifying social partners and promoting the social dialogue in these countries. A Eurociett application for EU support to organise a round table in Poland on the 14<sup>th</sup> of September has been accepted.

Thirdly, Uni-Europe and Eurociett agreed to launch an open discussion on life-long learning and work-related stress. In the preparation on these topics, Eurociett will take the lead on the topic of life-long learning, whereas Uni-Europe will present a first discussion paper on work-related stress. These open discussions might lead to joint-declarations on common agreed principles.

**Eurociett  
Submission  
Consultation  
launched by  
the European  
Commission**

The European Commission launched recently a public consultation on the need for community action to support the integration of people furthest from the labour market. Eurociett has used this consultation to advocate the role that private employment agencies play in integrating marginalised groups on the labour markets in Europe. More specifically, the Eurociett contribution calls for:

- Shaping a more favourable, regulatory environment for the private employment agency industry
- Lifting restrictions for private employment agency services in the European single market
- Promote best-practices in the area of the integration of people furthest from the labour market
- Reconciling flexibility and employment security on the labour market ("flexicurity approach")
- Involving social partners in the development of policies orientated toward the support of people furthest from the labour market.

The Eurociett contribution to the Commission's Consultation is available online on the Eurociett website: [www.euro-ciett.org](http://www.euro-ciett.org)

**New  
Commission  
initiative on  
internal  
market policy**

As the EU is still not reaching its objectives to substantially promote growth and jobs and Europe, Commissioner McCreevy has started a major review and public consultation on internal market policies. The consultation, which focuses on existing barriers in the internal market, opportunities of the internal market, innovative policies, the market for services and a number of additional topics. The consultation document provides a rough analysis of the present situation of the EU's internal market and the challenges it faces.

For Eurociett, this consultation will be an essential opportunity to advocate the lifting of restrictions and the removal of barriers for the provision of private employment agency services, especially after temporary agency work has been excluded from the scope of the Services Directive. Therefore, the consultation can be used to put forward a strategic vision on ways to promote a single market for private employment agency services. More information on the consultation is available on the European Commission's website:

[http://europa.eu.int/comm/internal\\_market/strategy/docs/consultation\\_en.pdf](http://europa.eu.int/comm/internal_market/strategy/docs/consultation_en.pdf)

**Eurociett will submit a contribution to this consultation advocating the lifting of unjustified restrictions and the creation of a single market for private employment agency services.**

### 3. Other European Policy Issues

#### **Lifting of Restrictions for the free movement of workers in the EU**

After the EU Enlargement in May 2004, Member States were given the opportunity to apply transitional measures that restrict the free movement of workers. These restrictions have to be agreed in two phases (2004 to 2006 and 2006 to 2009). By the end of April, most EU Member States have taken an official position whether they will apply restrictions to the free movement of workers or not. Eurociett provides a comparative overview on the current state of play in annex 1 to the Public Affairs Report.

#### **EU Budget for 2007 puts focus on jobs and growths**

On the 3<sup>rd</sup> May, the European Commission adopted the preliminary draft budget for 2007, the first year of the new multiannual financial framework (2007-2013). Funds for competitiveness and cohesion policies for growth and employment are to raise up by 6,8 million euros to 54,3 million euros.

Under the new heading, additional funds for programmes such as Competitiveness and Innovation Programme (CIP), Trans-European Networks (TEN) and Lifelong Learning as well as new cohesion programmes are to push forward the transition to a knowledge-based society. Furthermore, a new globalisation fund (up to 500 million euros per year) is to provide help for workers who have lost their job due to industrial restructuring as a result of globalisation.

EU Budget Commissioner Dalia Grybauskaitė expressed her conviction that “this budget can make a substantial contribution to enhancing European economic competitiveness”.

#### **European Competition Network**

The European Competition Network – the European Commission together with the national competition authorities in the EU – has launched a website, providing businesses, their advisors and citizens with information about antitrust enforcement, annual reports and background documents about the Network. The ECN website will, inter alia, provide one-stop access to news released from the national competition authorities and the European Commission. The site is hosted on the European Commission’s Competition Website.

The existence of the ECN allows for the exchange of best practices and ensures the coherent application of EU competition law in cases with a cross-border dimension where articles 81 and 82 of the EC Treaty apply.

**UNICE Special Meeting on the future of European integration and the need for economic reform**

On the 7<sup>th</sup> April, a meeting was held in Paris, gathering the presidents of the national business federations that constitute the membership of UNICE, in order to envisage the future of European Integration. UNICE Members expressed their worries about Europe's future and called for measures to be taken urgently to reinvigorate the European Union. In this meeting, the president of UNICE, Ernest-Antoine Seillière, was mandated to strengthen UNICE action and communication to promote essential objectives of companies. UNICE Members called for:

- Strengthening structural reforms that promote growth and jobs in Europe;
- Improving the functioning of the European single market;
- Combating protectionist tendencies;
- Enhancing the effectiveness of European governance;
- Taking full advantage of the opportunities resulting from the EU enlargement;
- Modernising the European Social Model in order to be preserved.

**John Monks (ETUC) calls for more agreement at EU level about labour market regulations**

John Monks, Secretary General of ETUC, underlined on the 5<sup>th</sup> of May 2006 in an interview given to EUPolitix (an online platform on European affairs ([www.eupolitix.com](http://www.eupolitix.com))) the ETUC position on European standards concerning employment issues, labour law and work mobility (the complete interview is included in annex 2). He underlined particularly that:

- The EU needs an Europe-wide understanding and rules about labour markets.
- The progress has been in this respect has been slow, even though some achievements could be reached. In this context, John Monks underlined "Looking back 20 years, health and safety standards have risen to a reasonably uniform rate, there's workers rights and consultation, there's equality rules (...) but on pay I don't see there is any immediate prospect – nor can there be – of any sort of wage equality while the productivity levels are so different in some new member states".
- Rapid solutions are required to negotiations concerning employment agencies and working time.
- With regard to the transitional measures for Eastern European workers, John Monks called for lifting these restrictions as they would only contribute to broadening the gap between rich and poor and not contribute to a social Europe.

Eurociett aims at addressing some of the issues put forward by John Monks in the framework for the sectoral Social Dialogue in 2006, after having reached a commonly agreed Eurociett Position before.

**Commission  
study on state  
aid**

The European Commission has published the findings of a study reviewing the enforcement of EU state aid rules at national level. The study was launched in 2005 by the European Commission and addressed two main questions: the role of national courts in protecting companies against the granting of illegal aid to their competitors and the execution of the Commission's recovery decisions by Member States. On the one hand, the study confirms that companies increasingly rely on state aid law to defend themselves, before national courts, against financial burdens imposed on them by the state. On the other hand, companies rarely use state aid rules as an instrument to challenge the distortion of competition caused by unlawful subsidies granted to competitors. The study also concludes that Member States should speed up the implementation of the Commission's recovery decisions.

**Initiative on  
Corporate  
Social  
Responsibility**

A new proposal for an alliance on Corporate Social Responsibility (CSR) about to be launched by the Commission has been received with anger by NGO's and trade unions, which fear they will be excluded from the body. The proposed alliance will bring together mainly the Commission and enterprises. This alliance is a central element of the Commission's communication on CSR, launched by Commissioner Verheugen on 22 March 2006.

NGOs criticized this alliance by saying that the Commission is giving too much importance to corporate interests and that it is emphasising too much how companies can become more competitive and profitable rather than stressing environmental and social impact of European companies.

The Commission states that they continue to attach importance to dialogue with stakeholders, but also wish to give recognition to enterprises as primary actors in CSR.

**Ecofin  
Council  
meeting calls  
for more  
competitive  
Europe**

The European Economic and Finance ministers called during an informal meeting held on the 8<sup>th</sup> of April in Vienna for actions to increase European competitiveness. Efforts should be strengthened to increase investment in Europe and to secure jobs. Furthermore, more actions have to be taken to complete the single market in Europe, especially by reducing its fragmentation, increased deregulation and fewer, but more efficient regulation.

**Mobility gets  
boost from  
new European  
job portal**

The Europe Day festivities on 9<sup>th</sup> May have been the occasion to welcome both the new Europa web address and the revamped European job mobility (EURES) website. Eures will be endowed with a more visible web address ([www.eures.europa.eu](http://www.eures.europa.eu)), in direct connection to about one million job vacancies published by 30 public employment services in Europe in 20 languages. This will make it easier for job seekers to post their CVs free of charge, thus, creating a large database for candidates for employers. About 102.000 CVs are already hosted by the portal and over 5.500 employers registered. This initiative contributes to achieve the objectives of the 2006 European Year of Workers' Mobility.

Eures was set up in 1993, and is a co-operation network between the European Commission and the Public Employment Services of EU and EFTA countries, Switzerland and other partner organisations. The aim of this joint initiative is to pool resources in order to offer quality services for both workers and employers across Europe.

**Commission  
spring  
economic  
forecasts  
2006-2007:  
growth  
rebounds**

Economic growth is projected to rebound in 2006 to 2,3% in the European Union and to 2,1% in the Euro area compared to 1,6% and 1,3% respectively in 2005, according to the Commission's spring economic forecasts.

The main impulses stem from robust increase in investment, continued strong global economic growth and an improved outlook in Germany. Growth is expected to edge slightly lower in 2007 to 2,2% in the EU and 1,8% in the Euro area.

The EU as a whole is expected to create 3,5 million new jobs over the period 2006-2007. This will help to reduce unemployment from a peak of more than 9% in 2004 to an expected 8,2% in 2007 in the EU. Inflation remains remarkably stable at slightly above 2% despite soaring oil prices, which remain the main risk to economic growth.

Joaquín Almunia, the Economic and Monetary Affairs Commissioner says that "Europe must pursue the path of reforms, correct budgetary imbalances where they exist, and make room for expenditure on R & D, innovation and education where it is most needed. Only this way will the unemployment rate come down more".

## 4. Public Affairs Actors and Networks

**International  
Confederation  
of Free Trade  
Unions**

The International Confederation of Free Trade Unions (ICFTU) was set up in 1949 and has 236 affiliated organisations in 154 countries on all five continents. It has three major regional organisations, APRO for Asia and the Pacific, AFRO for Africa and ORIT for the Americas. It also maintains close links with the European Trade Union Confederation (ETUC) and the Global Union Federations, which link together national unions from a particular trade or industry at international level. A merger of the Global Union Federations and ICFTU might be possible in the near future.

The ICFTU cooperates closely with the International Labour Organisation and has consultative status with the United Nations' Economic and Social Council and with specialised agencies such as the UNESCO, FAO, etc. It maintains contacts with the International Monetary Fund, the World Bank and the World Trade Organisation.

The ICFTU has identified five main priorities:

- employment and international labour standards,
  - tackling the multinationals
  - trade unions rights,
  - equality, women, race and migrants,
- trade union organisation and recruitment.

### 5. Useful Links

Please consult the Ciett website for a selection of useful weblinks ([www.ciett.org](http://www.ciett.org) / section: links). The Austrian Presidency of the EU has set up a new website, which covers the most recent information about its initiatives and policy actions (<http://www.eu2006.at/en/>).

### 6. Abbreviations

CSR	Corporate Social Responsibility
DG	Directorate General / Policy Department of the European Commission
ETUC	European Trade Union Confederation
FAO	Food and Agriculture Organisation of the United Nations
ICFTU	International Confederation of Free Trade Unions
ILO	International Labour Organisation
NGO	Non-governmental organisation
PrEAs	Private Employment Agencies

***In the annex, Members will find the following documents:***

- An overview on the decision of the EU Member States whether to maintain or lift restrictions for workers from the new EU Members (Annex 1).
- An interview of John Monks / Secretary General of ETUC (Annex 2)

***For any questions or further information on specific policy issues, please contact the Ciett / Eurociett Secretariat: Denis Pennel (Managing Director) or Michael Freytag (Policy Advisor).***