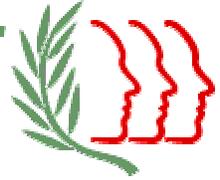


# PEOPLE'S MOVEMENT GLUAISEACHT AN PHOBAIL



[www.people.ie](http://www.people.ie)

The People's Movement campaigns against any measures that further develop the EU into a federal state and to defend and enhance popular sovereignty, democracy and social justice in Ireland.

## Trade Union Newsletter

April 2005

### NATO chief thinks EU states would go to war



The head of NATO has suggested that the EU's battle groups could be used for going to war. In an interview with *El Pais* on Thursday (10 March), Jaap de Hoop Scheffer indicated he did not believe that the battle groups – the first of which are due to be operational in 2007 – would only be used for peacekeeping, as EU officials suggest.

“Why is the EU creating battle groups? It is not just to help rebuild a country. It may be, that to keep the peace, combat is necessary. If the EU creates battle-groups and NATO a rapid-reaction force, I would say we shouldn't think the EU is for soft power and NATO for tough power”, said Mr de Hoop Scheffer. The 13 EU battle groups will contain 1,500 soldiers each and are to be mobilised within 10 days to trouble spots around the world. They will operate within a 6,000 km radius and will be equipped to stay in an area for up to four months.

According to the proposed EU Constitution, the EU's military capabilities can be used for “joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peacekeeping tasks, *tasks of combat forces in crisis management*, including *peacemaking* and post-conflict stabilisation [Art. III-309]”. So, Jaap de Hoop Scheffer is only stating the obvious.

### Social summit dominated by Services Directive



A pre-summit meeting on March 22<sup>nd</sup> between representatives of unions, big business and the presidents of the Commission and Council was almost entirely hijacked by a debate over the services directive, reports *EUobserver*.

Ostensibly meeting to discuss the relaunch of the so-called Lisbon Strategy – the EU's economic reform agenda – it was clear that the services directive had dominated the discussions. Secretary-general of the European Trade Unions Confederation (ETUC), John Monks (above left), set the tone at the post-meeting press conference when he stated, “we would like the Commission to reconsider and redraw the services directive and preferably start again”.

Luxembourg prime minister Jean-Claude Juncker, who is also current head of the European Council, said that changes would have to be made to the draft of the controversial directive as it stands.

“Speaking for my own country, we could never vote *in favour of the text* in the state it is in at the moment”.

Commission President José Manuel Barroso emphasised that his organisation is no longer in charge of the redrafting procedure and that it is up to the Council and the European Parliament to suggest changes – which will then be examined by his staff. The services market accounts for up to seventy percent of the European internal market.

Those opposing the directive – including the unions, France and Germany – say it will lead to a reduction in wages and working conditions – mainly due to its central axis, the ‘country of origin’ principle. But there are also many – including several of the new member states – who are in favour of adopting the directive as they believe it may help reduce unemployment.

## **Bolkestein denounces French protest against services directive**



Former EU Commissioner Frits Bolkestein has said French protesters against the EU’s proposed services directive are “short-sighted” as they were using it “for party political reasons” and as a pretext to protest against “the French right-wing government”. Mr Bolkestein, brought forward the controversial legislation during his term as internal market commissioner. The services directive, also known as the Bolkestein directive, aims at liberalising the market in services by allowing

companies to provide services under the rules of their home country. This “country of origin” principle is the most contested and controversial part of the directive, as many feel it might lead to “social dumping”. But according to Mr Bolkestein, saying that his directive will lead to “social dumping” is “clear nonsense”.



Some 60,000 people marched in Brussels on Saturday March 19<sup>th</sup> to protest against the directive, following an initiative by the European Trade Union Confederation. Most of the protestors were French, German, Belgian, Italian and Dutch. They called for the services directive to be withdrawn and for a more “social” EU. In France, protests against the directive have become embroiled in the debate on the European Constitution that is to be put to referendum at the end of May.

## **Denmark to tighten rules for east European labour**



The Danish government has decided to tighten rules for workers from new EU member states in a bid to fight cheap labour and counter growing trade union concerns. The Danish parliament had agreed, before enlargement on 1 May 2004, to open the labour market to citizens from the new EU countries, but demanded that workers coming to work for Danish companies have work permits and get the same pay and social benefit conditions as Danish citizens.

However, some employers – mainly in the farming and construction industry – have since tended to hire workers from eastern Europe through agencies. These paid them less than the Danish rates and created unfair competition for Danish workers, according to trade unions.

Under the new compromise adopted in the Danish parliament on Wednesday (16 March), it should be more difficult for these agencies to employ foreign workers. In future, agencies must present E101 statements for their workers to ensure that they have health insurance and are eligible for social security payments from their home country. Denmark will subscribe to the central register of E101 statements and hopes in this way to improve controls. Danish immigration authorities are currently investigating 26 cases of companies illegally importing low-wage workers from Eastern Europe. The first case is set to appear in court soon. Since EU enlargement, Copenhagen has issued about 1,500 work permits to new EU citizens.

## EU pressures developing countries for access to water services



NGOs and multi-national water utilities companies have drawn a line in the sand against the EU and the international services lobby's efforts to pressure developing countries into opening their water distribution markets, according to *EUobserver*. If the EU gets its way, in exchange for access to the water markets, developing and Least Developed Countries (LDCs) would receive long sought-after access to Western markets as part of the WTO Doha Development Round. "We are negotiating for better opportunities for EU industry", Anders Jennsen of DG Trade said Tuesday (15 March) at a symposium on foreign participation in water markets as part of the General Agreement on Trade and Services (GATS) negotiations under way in the WTO.

It is unclear why the EU is pushing hard for market access especially as utilities present at the debate as well as the services industry lobby say they are not asking for access. "We think it is in their own interest to do it", said Mr Jennsen pointing out that many developing countries already allow foreign participation in their water delivery services sector but they do not want it bound by an international agreement.

But his views were countered by an unlikely combination of development NGOs and multi-national water utilities already operating in the developing world, saying that giving access to foreign companies bound by a multilateral agreement would not help developing countries.

"I don't think opening up developing countries' water services under GATS will achieve what needs to be done", to help poor regions gain access to drinking water, said Richard Aylard, head of corporate development and external affairs for RWE Thames Water, the German-owned utility that serves the London area. "When we were analysing the agreement, we couldn't find any real benefits for companies or developing countries. Water is a local issue but trade negotiations are handled by national governments. There is often a disconnection between the national level and local needs and applications", said Mr Aylard.

Roughly 5% of the world's water is run by the private sector but 95% of that is by European companies. Speaking on behalf of the WTO, Pierre Latrille said that although the EU had first opened the discussion on foreign participation in water distribution in developing countries three years ago, no country had made a commitment on what the EU had asked for.

But a thinly veiled threat lay among the remarks by the EU and services lobby. Without the support of the EU's proposal by developing countries, long sought-after concessions for agricultural market

access for those countries into the Western world may not come. “We can’t pressure Brazil or India into something they don’t want to do”, said Mr Jenssen, but he later said, “What (the LDCs) are prepared to offer will need to be relative to what they are asking from us”. An underlying theme of Tuesday’s discussion was the EU’s unfair ability to manipulate developing countries, who fear losing trade concessions.

## **Germany to cut company tax to compete with new member states**

German Chancellor Gerhard Schröder has announced plans to cut the tax rate paid by businesses in Germany in a bid to stem the flow of companies leaving the country and taking advantage of more favourable rates in Eastern Europe. The corporate tax rate in Germany would be cut from 25 percent to 19 percent. He also announced a two billion euro investment in transport infrastructure to boost the ailing construction sector in Germany.

The measures come as Germany’s unemployment rate recently topped the psychologically significant five million mark. It currently stands at 5.2 million, figures which Mr Schröder said, “must depress us all”. The Chancellor has been meeting opposition leaders in an attempt to forge a cross-party consensus on the best way to tackle Germany’s economic malaise, which, as Europe’s largest economy, affects the entire EU.

A recent report from the Boston Consulting Group showed that many big US firms were considering moving East from Germany to Poland, the Czech Republic or Slovakia, attracted by lower corporate tax rates and lower labour costs. Slovakia, for example, charges a corporate tax rate of 19 percent. Estonia has a zero percent corporate tax rate for reinvested earnings. A Commission spokesperson welcomed the move, saying that the plans, “are going in the direction of creating more growth and jobs in Europe”.

## **MEPs agree €8 million for EU Constitution campaign**



The European Parliament will put aside eight million euro from its budget to cover an information campaign on the EU Constitution, a budgetary committee decided on Tuesday (15 March). The Parliament’s campaign is to distinguish between member states where a referendum is held and those where the EU Constitution will be ratified by the parliaments. MEPs and the Parliament’s offices will play the leading role in the campaign, which should have an “educational dimension” and “explain to the public how the Constitution will benefit them in their everyday lives,”

states the note from the Parliament’s administration. One need only examine the remarks of Commissioner Waldstrom on her recent visit to Ireland in order to evaluate this ‘dimension’! The special package comes in line with an earlier proposal to use €24 million for the EU information policy as one of the “new initiatives” to be financed by the EU budget.

The parliamentary rapporteur on the proposal, Salvador Garriga Polledo argued that “the information policy of the EU remains one of the most important tools for enhancing the democratic participation of citizens”, but Tory MEP Timothy Kirkhope said the decision by the budgetary committee was “disgraceful. No one believes that this funding is going to be used to explain the detail of the European Constitution in an objective way, I fear that it will be a propaganda exercise advocating only the pro-

Constitution view”, he stated. The MEPs’ decision follows the European Commission’s initiative to put aside the same amount – around eight million euro – for spreading information on the EU Constitution.

However, while Brussels was planning to distribute the money to all the member states on the basis of population and special needs linked with the planned referendums, several countries have refused or showed no interest in the extra funds, such as the UK and the Czech Republic. So, lets hope that Bertie hasn’t heard about them!

## Portugal will vote on EU Constitution in December



The new Portuguese prime-minister has said he would like a referendum on the EU Constitution to be held at the same time as local elections in December. Speaking at a ceremony after being sworn in on Saturday (12 March), José Socrates announced he would support changes in the national constitution to allow for both votes to take place at once. Portuguese law imposes restrictions on the time allowed between an election and a referendum. However, the new Socialist leader argues that a single date for both “consultations of the popular will” would save the public money and boost voter turn-out. The national Constitution also needs to be amended to allow for such a referendum, which is currently forbidden.

There is strong pro-European sentiment in Portugal, as the citizens give the EU credit for helping their country on the way out of dictatorship. Both main political parties and most opinion formers favour the new EU Treaty and a referendum as a way to ratify it. But while there is 40 percent support among the Portuguese for the new EU Constitution, with only seven percent opposed, about 53 percent of citizens do not know how they would vote, mainly due to a lack of knowledge about the document, according to a recent Eurobarometer survey.

## Second poll indicates turn towards ‘no’ vote in France



A second successive poll has shown a majority of French voters are against the European Constitution, seemingly confirming a shift in public opinion against the document ahead of the 29 May referendum. The survey of 860 people, conducted by IPSOS for *Le Figaro*, showed that 52 percent of people who said they were certain to vote would vote no in the referendum, compared to 48 percent intending to vote yes.

Opposition to the new EU charter has grown significantly in a very short space of time, the survey also indicated. The “no” vote has risen from 40 percent to 52 percent since the last IPSOS poll in early March. The latest figures, which are set to ring alarm bells in Brussels and Paris follow a spat between French President Jacques Chirac and European Commission President José Manuel Barroso over the liberalisation of services, which has been seized upon by France’s left. Although the French socialist party’s official line is in favour of the Constitution, an active and energetic faction within the party continues to advocate a “no” vote.



They argue that the best way to avoid the deeply unpopular services directive is to reject the Constitution. Mr Barroso himself fuelled the increasing bitterness between Paris and Brussels by describing the debate in France as “skewed and biased”. All 25 member states must ratify the Treaty before it comes into force.

## Sixty percent of Swedes want a referendum on the EU Constitution



This week over 120,000 Swedes signed a petition calling for a referendum on the EU Constitution. The petition was handed to the minister for democracy, Jens Orback by MPs from six out of the seven mainstream political parties.

In common with other countries where people might vote 'no', the Swedish government is holding out against a referendum. A poll also conducted this week showed that 60 percent of those who gave an answer want a referendum to be held. The poll also showed that 90 percent of those asked thought the EU should be given no more powers (*Aftonbladet*, 24 March).

## Unions move to stop salary dumping



Fearing a lowering of wages in Europe, trade union representatives from six countries met in Hamburg earlier this month to discuss measures to combat both wage drops and a subsequent fall in standards. "We cannot stop the jobs moving around but we can ask to have the work done under proper conditions in the various countries", Tina Kristensen of the Danish branch, NNF, told the *EUobserver*.

Along with German and Danish representatives, there were also experts from Hungary, the Netherlands, Poland and the UK and were meeting specifically concerning job loss in the meat industry. Since EU enlargement last year, a number of companies in the new eastern European countries have developed a lucrative business of organising workers from the East to carry out jobs at a low rate in the West.

According to Ms Kristensen, this means that an estimated 1,000 jobs in the Danish meat industry have been lost during one year. Much of the work is now carried out at German factories, but this has not helped the hard-pressed German Chancellor, Gerhard Schröder, with his record high unemployment figures. This is because some 26,000 Germans working in the meat industry have been replaced by cheaper, mainly Polish, labour coming to Germany to do the work, according to the German trade union, NGG. Within a few months a "billion euro business with mafia-like structures, salary dumping and modern slavery" has developed, said Matthias Brümmer of Gewerkschaft Nahrung-Genuss-Gaststätten (NGG), according to the regional Brennessel online.



Elsewhere, a similar tendency has been reported. "There are currently 2,400 foreign workers employed in construction in Finland, and about a thousand of them may be Estonians", Kyosti Suokas, leader of the Finnish Construction Workers Union, told the Estonian business daily, *Aripaev*. She explained that most workers from Estonia are being hired via rental firms or as sub-contractors, who do not need a work permit. Finns have been eagerly engaged in setting up companies in Estonia to exploit the new possibilities.

About half of the 21 Estonian companies under an embargo imposed by Finland's Construction Trade Union were owned by Finns, the Finnish daily *Helsingin Sanomat* reported. The development has not

only influenced the Finnish construction sector but also affected the Estonian labour market. Construction wages in Estonia rose by nearly 20% in 2004, said Tarmo Lige, managing director of the Estonian Association of Construction Entrepreneurs.

In December 2004, the Swedish Building Workers' Union launched a boycott of Laval & Partneri, a Latvian construction firm which had obtained a contract to build a school building outside Stockholm. The Swedish trade unions called for the Latvian workers involved to be paid the same as their Swedish counterparts. Following a blockade of the construction site, the Latvians have gone home. But that is not the end of the battle. Now the Swedish Labour Court is set to rule on the case on 22 April, and it may decide to refer the issue to the EU court of Justice for a preliminary ruling.

## **US firms look east to invest**



US firms are increasingly looking to the new EU member states as places to invest and away from traditional hubs such as Germany, a new report has shown. The report, by the American Chamber of Commerce and the Boston Consulting Group, shows that 26 percent of US firms see Eastern Europe as the best region for business investment. This rate has doubled in the past year.

And Eastern Europe is winning business not just from industrial sectors such as car manufacturers but also in the service sector, especially in IT support or call-centres. US companies see Poland, the Czech Republic and Slovakia as the most attractive labour markets in Europe – followed by the UK and Ireland, the report revealed, adding that American firms are attracted to the new member states because of low wage costs and a light regulatory regime.

The study also shows that Germany is losing out to the competition from the new member states, compounding its difficulties of high unemployment and low growth. One fifth of US companies already active in Germany are considering moving part of their business to another European location. The head of the Boston Consulting Group in Germany, Dieter Heuskel, said, “as a production area, Germany is rapidly losing ground to its Eastern European neighbours”.

## **Some Speak the Truth!**



Recently, Hans Martin Bury, Germany's EU minister, told the parliament in Berlin: “This constitution is a milestone. Yes, it is more than that. The EU Constitution is the birth certificate of the United States of Europe. The constitution is not the end point of integration, but the framework for an ever closer union.”

In 2003, German foreign minister Joschka Fischer said the document was “the most important treaty since the formation of the European Economic Community”. He has referred to a “single European state bound by one European constitution”. Former European Commission president Romano Prodi has spoken of “a change of centuries of history”.

## **Trade unionists launch pamphlet against EU Constitution**

British Trade unionists have launched a pamphlet outlining why the EU Constitution threatens jobs, democratic self-government and peace. The pamphlet includes an at-a-glance table listing articles

showing just how undemocratic the new European Union would be under the Constitution. TUA/EUC chair and Transport union RMT general secretary Bob Crow said that it clearly explained that the Constitution would be a recipe for privatisation, militarisation and the centralisation of power to Brussels.



Trade Unionists Against the EU Constitution

“Right across Europe people are registering their discontent over a document that enshrines the doctrine of mass privatisation and militarisation as constitutional goals,” he said. Campaign secretary Doug Nicholls, who heads the Community and Youth Workers’ Union, said the pamphlet

was the result of many months mature debate amongst leading trade unionists from over 20 unions in Britain and others abroad. “French unions like the CGT and FSU oppose the Constitution and others are making the link between this document and the outrageous contents of the Directive on Services,” he said. The Directive on Services threatens standards of health care and education by assisting private service providers to avoid national legislation. There was be an international trade union protest against the planned directive on March 19 in Brussels, supported by the TUC and the ETUC.

Copies of the pamphlet are available from People’s Movement Trade Union Group or from the movement’s website at [www.people.ie](http://www.people.ie)

## **DAPSE demands Veto on Trade in Health and Education Services**

“The new EU Constitution would make it easier for vital public services – like health and education – to be turned into commercial operations”, said Brendan Young Secretary of DAPSE – Democracy and Public Services in Europe. “The European Commission has been pushing for parts of health and education services to be opened to international trade in the General Agreement on Trade in Services (GATS). So far they have not had much success because of the veto that Member States have on trade in these services.

The new Constitution would remove this veto, making it more likely that big parts of these services would be turned into business operations. At a time when more support will be needed in the poorer parts of the enlarged EU, the new Constitution would bring further reductions in the role of the state and a greater role for commercial operators – who provide services to make a profit. This will be bad for ordinary people in the older and newer countries of the EU, because service charges or restricted access are the likely outcomes.

We’re calling on the Irish government to make as much of a fuss about keeping the veto on trade in health and education services as they have made on keeping the veto on taxation. Let’s see them fight for what they say they want.

Whatever happens with the draft Constitution, the EU’s negotiations for the GATS continue to be carried out in secret by the Article 133 Committee and the Commission. We don’t get to know what our own government is offering for trade until after the deals are done. We’re calling again on Mary Harney to publish the Irish proposals going to the 133 Committee”.

## The proposed Constitution for Europe militarises the EU and commits us to an inevitable mutual defence pact.

The proposed Constitution for Europe states unambiguously in Article I-40 that: “*The common security and defence policy*” it proposes “**shall** include the progressive framing of a common defence policy for the Union. This **will** lead to a common defence, when the European Council, acting unanimously, so decides”. This Article is an example of the methodical incremental progression towards a federal EU state that has characterised each successive EU treaty. This step by step approach is best illustrated by referring back to a similar Article in the Nice Treaty. You will recall that one of the most contested Articles in that treaty stated that the progressive framing of a defence policy “**might** lead to a common defence, **should** the European Council so decide”.

So, should the Irish people decide to accept this proposed constitution at referendum, what remains of our neutrality will finally disappear and we will be committed to the EU objective of a common defence – and constitutionally committed at that! There is no ambiguity, there is no fudge. This is the end of the line. It is simply a matter of when it will happen, not if it will happen.



Article I-40 further provides that a European Armaments, Research and Military Capabilities Agency be established to provide support for a common defence. Clearly the intent is the establishment of a military-industrial complex – first signaled in the Amsterdam Treaty – to rival that of the US. Working Group 8 of the Convention that drafted the constitution states in its Report that: “*it is essential to step up investment in military research ... to ensure that equipment is in the interests of civil industry*”. Currently, EU member’s investment in military research is running at 20% of that of the US. The draft Constitution further provides that civil and military assets may be used for foreign interventions under the Common Security and Defence policy. These interventions ominously include: “ ... *peacemaking and post-conflict stabilization*” and “*supporting third countries in combating terrorism in their territories*” (Art. III-210).

Working Group 8 on Defence further reported that the “*interests*” of the EU will be expressed by force in the context of “*global insecurity*”. This process will be realised through the “*projection of stability outside the Union*” and sustained by “*a public opinion*” that “**appears** to be very much in favour of *European defence*”. It is not too late to prove them wrong. We must organize a strong, democratic and accountable opposition to the proposed Constitution at the referendum that is most likely to be held later next year.

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