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UNI europa Legislative

Report

C O N T E N T S

Page 1

Euro-demonstration in Brussels on 29 September
Agreement reached on financial supervision

Page 2

The Single Market Act
Commission vs. Germany (C-271/08) : economic freedoms win again

Page 3

New legislative proposals on EU economic governance

Page 4

Commission adopts new strategy on gender equality

Page 5

Timetable of meetings

Euro-demonstration in Brussels on 29 September

The European day of action on 29 September 2010 was a great success. More than 100 000 trade unionists took to the streets of Brussels saying "No" to the austerity measures being adopted all over Europe. At the same and in coordination with the Brussels manifestation actions were taking place across Europe. In Spain some 10 million workers took part in a general strike. The UNI europa delegation marched with an orchestra travelling around on a flat bed truck.



More pictures and videos can be found via ETUC's website: <http://www.etuc.org/a/7700>

Agreement reached on financial supervision

On 2 September negotiations were finished between the European Parliament, the Commission and EU governments on the future shape of financial supervision in Europe.

The architecture agreed is for a new **European Systemic Risk Board (ESRB)** and three **European Supervision Authorities (ESAs)**. These ESAs are for **banks, insurance and pensions companies** and a third for **securities and markets**. The ESRB will be concerned with macro risks, i.e. with risks to the stability of the financial system as a whole whilst ESAs will be concerned with risks to the stability of particular markets such as banking, insurance and financial instruments. Negotiations centred on the powers of ESAs to impose action on financial institutions where risks to stability are identified. Some EU governments wanted a stronger role for national regulators, but Parliament safeguarded the ESAs' powers. However, the power to declare an "emergency situation" stays with European governments, though Parliament is formally empowered to request it to do so.

The following are some of the specific points that MEPs have been calling for and which have been agreed;

- **A broader range of skills and experiences**, such as academics, will be represented in European Systemic Risk Board (ESRB), the lynchpin of the new system.
- The President of the ESRB will **confidentially brief senior Members of the European Parliament** responsible for economic matters on a regular basis.
- The European supervision authorities will be able to take decisions which are **directly applicable to individual financial institutions** in cases of manifest breach or non-application of law, and where there is disagreement between national authorities.
- The ESAs may temporarily **prohibit or restrict harmful financial activities** or products already covered by specific financial legislation or in emergency situations.
- The Parliament recognizes that financial markets in the EU are tightly linked, with many big financial institutions easily straddling borders between member states. Accordingly, in negotiations on the Commission proposals from September 2009 MEPs demanded that more power be given to new European supervisory authorities. Some national governments disagreed, preferring to preserve the powers of national supervisors. After lengthy negotiations Parliament's view prevailed.

The EU finance ministers meeting at the Ecofin Council on 7 September backed the provisional deal reached on 2 September. The ESRB will be located in Frankfurt and will be chaired by the President of the European Central Bank, but the issue is to be reviewed after three years. The new bodies should be up and running as of 1 January 2011. The European parliament plenary officially approved the reform during its second session on 22 September. A formal adoption by the Council will follow.

The Single Market Act

The so called Single Market Act to be presented on 6 October has as its main focus enterprises and single market governance but will also include a section on citizens. An important topic is encouraging the mobility of European workers. Remaining obstacles need to be removed according to the proposal. A working group has been set up by the Commission and their work will include a review of existing rules on recognition of professional qualifications. It will be followed in 2012 by a legislative proposal to reform the present systems. Social Affairs Commissioner László Andor will aim for adoption of a legislative proposal, in 2011, to enhance implementation of the Posting of Workers Directive. Next year he will also together with Olli Rehn (economic and monetary affairs) and Michel Barnier (internal market and services) review the directive on the activities and monitoring of occupational pension institutions and will draw up proposals on the basis of the 2010 green paper on pensions, in particular to reduce the obstacles faced by mobile workers when they retire.

Furthermore a communication called "Citizens first" will be presented before the end of 2010. The focus is on that European citizens who participate in the single market must enjoy free movement and freedom of establishment and have access to goods and services in the EU. The communication will supposedly identify and propose measures to eliminate remaining tax obstacles for individuals. Yet another communication is planned for 2012 which will focus on a quality framework for services of general interest.

Commission vs. Germany (C-271/08): economic freedoms win again

In a judgment dated 15 July 2010, the European Court of Justice has condemned Germany over the practice of local authority employers to award contracts for pension services on the basis of a selection laid down in collective agreements. Relying extensively on the Viking and Laval case law, the Court ruled that although the right to collective bargaining is a fundamental right, the European public procurement rules should prevail. In Germany, employees have the right to convert part of their gross earnings in favour of future pension rights. This possibility was designed by the German legislator in order to encourage social partners to organise occupational pension schemes in order to compensate for the future reductions of statutory pensions. The European Commission decided to refer Germany to the

European Court of Justice, considering that the award of contracts for pension services by public authority employers should be conducted with the tendering procedures required by EU public procurement law. In its 15 July judgment the Court followed the reasoning of the Commission. It held that above a certain threshold, the social partners in the public sector cannot on their own accord award directly service contracts for occupational old age pensions. In accordance with the public procurement Directives, a call for tender must be advertised at EU level.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:62008J0271:EN:HTML>

New legislative proposals on EU economic governance

On 29 September the Commission adopted a comprehensive legislative package on economic governance in the EU and the euro area. Broader and enhanced surveillance of fiscal policies, but also macroeconomic policies and structural reforms is sought in the light of the shortcomings of the existing legislation. New enforcement mechanisms are foreseen for non-compliant Member States. The legislative package is made up of six pieces of legislation: four proposals deal with fiscal issues, including a wide-ranging reform of the Stability and Growth Pact (SGP), while two new regulations aim at detecting and addressing effectively emerging macroeconomic imbalances within the EU and the euro area. For Member States of the euro area, changes will give teeth to enforcement mechanism and limit discretion in the application of sanctions. Sanctions will be the normal consequence to expect for countries in breach of their commitments.

- **A Regulation amending the legislative underpinning of the preventive part of the Stability and Growth Pact (Regulation 1466/97):** The preventive part of the SGP is meant to ensure that EU Member States follow prudent fiscal policies in good times to build up the necessary buffer for bad times. To break off with past complacency in good economic times, the monitoring of public finances will be based on the new concept of prudent fiscal policy-making that should ensure convergence towards the Medium-Term Objective. The Commission may issue a warning in case of significant deviation from prudent fiscal policy for the euro area Member States.
- **A Regulation amending the legislative underpinning of the corrective part of the Stability and Growth Pact (Regulation 1467/97):** The corrective part of the SGP, is meant to avoid gross errors in budgetary policies. The regulation is amended so that debt developments are followed more closely and put on an equal footing with deficit developments as regards decisions linked to the excessive deficit procedure. Member States whose debt exceed 60% of GDP should take steps to reduce it at a satisfactory pace, defined as a reduction of 1/20th of the difference with the 60% threshold over the last three years.
- **A Regulation on the effective enforcement of budgetary surveillance in the euro area:** Changes in both the preventive and corrective part of the SGP are backed up by a new set of gradual financial sanctions for euro-area Member States. As to the preventive part, an interest-bearing deposit should be the consequence of significant deviations from prudent fiscal policy making. In the corrective part, a non-interest bearing deposit amounting to 0.2% of GDP would apply upon a decision to place a country in excessive deficit. This would be converted into a fine in the event of non-compliance with the recommendation to correct the excessive deficit. To ensure enforcement, a "**reverse voting mechanism**" is envisaged when imposing these sanctions: this means that the Commission's proposal for a sanction will be considered adopted unless the Council turns it down by qualified majority. Interests earned on deposits and fines will be distributed among euro-area Member States neither in excessive deficit nor in excessive imbalance. The changes are devised so that they should facilitate the eventual move to a system of enforcement linked to the EU budget as foreseen in the Commission communication of 30 June.
- **A New Directive on requirements for the budgetary framework of the Member States:** Since fiscal policy-making is decentralised, it is essential that the objectives of the SGP are reflected in the national budgetary frameworks, i.e. the set of elements that form the basis of national fiscal governance (accounting systems, statistics, forecasting practices, fiscal rules, budgetary procedures and fiscal relations with other entities such as local or regional authorities). The directive sets out minimum requirements to be followed by Member States.

- **A New Regulation on the prevention and correction of macroeconomic imbalances:** The Excessive Imbalance Procedure (EIP) is a new element of the EU's economic surveillance framework. It comprises a regular assessment of the risks of imbalances based on a scoreboard composed of economic indicators. On this basis, the Commission may launch in-depth reviews for Member States at risk that will identify the underlying problems. For Member States with severe imbalances or imbalances that put at risk the functioning of EMU, the Council may adopt recommendations and open an "excessive imbalance procedure (EIP)". A Member State under EIP would have to present a corrective action plan that will be vetted by the Council, which will set deadlineq for corrective action. Repeated failure to take corrective action will expose the euro area Member State concerned to sanctions (see next point).
- **A Regulation on enforcement measures to correct excessive macroeconomic imbalances in the euro area:** Like in the fiscal field, if a euro-area Member State repeatedly fails to act on Council EIP recommendations to address excessive imbalances, it will have to pay a yearly fine equal to 0.1% of its GDP. The fine can only be stopped by a qualified majority vote ("reverse voting", see above), with only euro-area Member States voting.

These proposals will be examined by the Council, the European Parliament and the Economic and Social Committee.

http://ec.europa.eu/economy_finance/articles/eu_economic_situation/2010-09-eu_economic_governance_proposals_en.htm

The Commission proposals were immediately criticized by amongst others the European socialist (PES). Speaking on the European Commission's proposals Poul Nyrup Rasmussen, President of the PES said, *"On a day when thousands upon thousands of workers are demonstrating in Brussels about how vulnerable their jobs and conditions have become, the European Commissioner for Economic Affairs Olli Rehn decides to publish a proposal that essentially says 'let's punish the weak'".* He continued: *"these proposals do not look at the underlying causes for economic imbalances, they do not identify new revenue streams, and they do not promote any genuine economic co-ordination between the core and the periphery of Europe".*

<http://www.pes.org/en/news/commission-economic-governance-proposal-forgets-that-creating-and-saving-jobs-is-the-best-indicator-of-recovery>

Commission adopts new strategy on gender equality

On 29 September the Commission adopted a five-year strategy for promoting equality between women and men in Europe. The strategy aims in particular to make better use of women's potential, thereby contributing to the EU's overall economic and social goals. It translates the principles set out in the European Commission's Women's Charter into specific measures, ranging from getting more women into company boardrooms to tackling gender-based violence. The series of actions are based around five priorities: the economy and labour market; equal pay; equality in senior positions; tackling gender violence; and promoting equality beyond the EU. They include:

- Getting more women into the labour market and helping to reach the Europe 2020 target employment rate of 75% overall for women and men.
- Putting forward targeted initiatives to get more women into top jobs in economic decision-making;
- Promoting female entrepreneurship and self employment;
- Instituting an annual European Equal Pay Day to raise awareness of the fact that women continue to earn an average of nearly 18% less than men across the EU;
- Working together with all Member States in combating violence against women, especially eradicating female genital mutilation in Europe and beyond.

The Commission will also set up a yearly top-level Gender Equality Dialogue involving the European Parliament, the Council presidencies, European social partners and civil society to assess progress in implementing the strategy.

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=890&furtherNews=yes>

The ETUC welcomed the package but regrets that the Commission has not proposed any concrete legislative proposal to tackle the gender pay gap.

<http://www.etuc.org/a/7672>

Timetable of meetings

Parliament committee meetings

For all European Parliament committee meetings' agendas and meeting documents, see the [committees' homepage](#).

Parliament plenary sessions

6-7 October 2010 in Brussels

For all plenary sessions' agendas and documents, see the [European Parliaments' homepage](#).

UNI europa Legislative Report

UNI europa is the European trade union federation for skills and services. We represent 330 trade unions and 7 million workers in Europe. Our Legislative Report is published 10 times per year with detailed but concise information on the progress of a number of different legislative proposals.

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