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**A E E U**



The European Union:

***A guide for AEEU members***





## Introduction by Sir Ken Jackson, General Secretary

*The future direction of the European Union continues to be a major political question. Every day, decisions taken at European level affect our lives at work and elsewhere. We are all citizens of the European Union, but how much do we actually know about its workings? What are the Treaties? What does the European Parliament do? What is EMU? What is the EU doing to combat unemployment? Inside you will find the answer to not only these questions, but many more. The AEEU believes that, for too long, the debate on Europe has been clouded by rhetoric, media myths and misrepresentation. This guide is intended to provide members with facts and simple explanations of Europe, its institutions, policies and legislation.*

*Whatever the developments at European level, the AEEU's strategy continues to be to:*

- *Protect the interests of all our members;*
- *Work in conjunction with trade unions and the labour movement throughout Europe to maximise our influence; and*
- *Win improvements by helping to shape European legislation on employment and social rights.*

*We hope that this information is of use to you. If you have any comments, ideas or questions please let us know.*

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AEEU members are kept informed of all the latest developments in Europe through the Union's range of publications.

## The AEEU and Europe

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Every day crucial political and business decisions are being made at European level, many of which are extremely beneficial to Britain. For this reason the AEEU has worked hard to monitor developments and build strong links across the European Union, The Union's European activities are co-ordinated by the International Department, supported by the Research Department.

We have cultivated a network of contacts in the European Commission, the European Parliament, through our sponsored MEPs, trade unions and other organisations. This network has enabled us to have direct input on issues relating to our membership and the operation of the Union, in areas such as health and safety, employment law and social policy, and also to ensure that we secure all possible European funding, for education, training and so forth.

### *Publications*

The AEEU keeps members informed about the latest developments in Europe, through Union News, Union Review, the new European Bulletin (which is funded by the European Commission) and other publications.

## **Education and Training**

The Union has run a number of information courses for shop stewards, including study visits to Brussels, to gain an insight into the European institutions. A European Training package is being developed, to become an integral part of all shop steward training.

## **European links**

We have also hosted many meetings of workers from multinationals aimed at creating European Works Councils. We have been particularly successful in obtaining support funding for courses and seminars from the European Commission.

The AEEU works particularly closely with the EMF, which aims to represent the economic and social needs of engineering and manufacturing workers at European level. The EMF liaises closely with European institutions and has played a leading role in the development of European Works Councils.

As well as forging links with trade unions in the European Union, we have also been active in establishing contacts with the emerging trade unions in Eastern Europe. We have actively supported many of these new unions through training and education programmes.

## **AEEU Affiliations**

*European Metalworkers' Federation – EMF*

*International Metalworkers' Federation – IMF*

*European Mine, Chemical and Energy Workers' Federation – EMCEF*

*International Federation of Chemical, Energy and General Workers Unions – ICEM*

*European Transport Workers Federation – ETF*

*International Transport Workers Federation – ITF*

*European Public Services Union – EPSU*

*Public Services International – PSI*

*European Committee of Food, Catering and Allied Workers within the IUF – ECF – IUF*

*International Union of Foodworkers (IUF)*

The AEEU has been successful in forging strong links with other trade unions in the European Union, and works particularly closely with the EMF.

## The European Union – History, Institutions and Decision-making

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### ● History

Although the idea of a unified Europe can be traced back to medieval times, it is the Second World War which acted as the catalyst for the creation of the European Union as we know it today. The war and its aftermath created the desire for a democratic, peaceful Europe – pooling its resources and co-operating to compete on the world stage.

#### *1952 – European Coal and Steel Community (ECSC)*

The first step towards European Union, the Treaty of Paris created the ECSC, which pooled the production and consumption of coal and steel between six countries – Belgium, France, West Germany, Italy, Luxembourg and the Netherlands. The ECSC was seen as both an important element in post-war regeneration, and a tool for preventing further conflict in Europe, as it established European economic understanding and co-operation in a crucial area of industry.

#### *1957 – The European Economic Community*

The European Economic Community (EEC – also known as the Common Market) was established by the Treaty of Rome. The EURATOM Treaty (European Atomic Energy Community) was also agreed. Both Treaties were signed by the six ECSC member states. The Common Market was built on



The flags of the  
15 Member  
States outside  
the European  
Parliament in  
Brussels.

the principle of free movement of workers, goods, capital and services. EURATOM was designed to promote and supervise the development and use of nuclear energy for peaceful purposes.

### **1967 – The European Community**

The ECSC, EEC and EURATOM merge to become the European Community. By the end of the decade, the EEC had abolished customs duties on manufactured goods and developed common policies, most notably for agriculture and commerce.

### **1973**

UK, Ireland and Denmark join EEC to bring total membership up to nine. UK applications for membership had twice been turned down in the 1960's.

### **1981**

Greece joins the EEC to bring total membership up to ten.

### **1986 – Single European Act (SEA)**

Ratified by member states in 1987. The Community sets itself the ambitious target of creating a Single European Market by 1 January 1993. The SEA, which confirmed this ambitious goal, added amendments to the Treaty of Rome and introduced new procedures for adopting associated legislation. Spain and Portugal join the EEC to bring total membership up to 12.

### **1992 – Treaty on European Union**

Commonly known as the Maastricht Treaty, which marked another important step towards greater European integration, and further amended the Treaty of Rome.

The Treaty laid out a far reaching programme including monetary union (EMU) by 1999, new common policies, European citizenship, diplomatic co-operation, common defence, and internal security. After much political uncertainty across Europe, the Treaty finally came into force on 1 November 1993 following ratification by all member states. It is very significant that the UK, under John Major's Conservative Government,

### **Who joined when?**



*1957 – France, Belgium, Germany, Italy, Netherlands, Luxembourg;  
1973 – UK, Denmark, Ireland;  
1981 – Greece;  
1986 – Portugal, Spain;  
1995 – Austria, Finland, Sweden.*

opted out of the Social Protocol of the Maastricht Treaty. Tony Blair signed this agreement soon after coming into Government after the 1997 elections, ensuring that British citizens benefit from its provisions.

### What is a treaty?

*A treaty is a document which binds two or more countries to act together, and is a collection of commitments which are negotiated and agreed by the countries involved. These treaties have provided the basis for European integration.*

#### 1995

Austria, Finland and Sweden join the European Union  
Total membership: 15 states, with a combined population of around 370 million.

#### 1997

Treaty of Amsterdam: a primary aim of this Treaty is to prepare the Union for enlargement, working in conjunction with Agenda 2000. It reaffirms an EU commitment to employment and citizens' rights, and aims to increase and improve Europe's position in world matters (see 'Social Policy' section).

### ● Institutions

The task of managing the European Union is shared between a number of institutions. These are:

- The European Parliament;
- The Council of Ministers;
- The European Commission;



European  
Parliament  
building, Brussels.

- The European Council;
- The European Court of Justice;
- The European Court of Auditors;
- The Economic and Social Committee; and
- The Committee of the Regions;

In addition there are a number of advisory bodies, which represent economic, social and regional interests, such as ECOSOC and the Committee of the Regions. An ever-increasing number of British regions have an office in Brussels to improve representation and the flow of information between the EU and local levels.



### **The European Parliament**

The European Parliament has been elected by universal suffrage since June 1979. It comprises 626 members elected every five years. The Parliament has its seat in Strasbourg where plenary meetings are held for one week each month with members sitting in political rather than national groups. Some part-sessions are held in Brussels along with meetings of the 20 parliamentary committees, which do much of the groundwork for plenary sessions, and political group meetings. The secretariat of the Parliament is based in Luxembourg. Many people see the lack of a single centre as a major disadvantage for the Parliament. The Parliament fulfils a number of roles:

#### **Political**

Parliament gives the 370 million citizens of the European Union democratically elected representatives and acts as the political driving force, generating initiatives for the development of community policies, providing opinions on European Commission proposals.

#### **Supervisory**

The European Parliament votes on the Commission's programme and monitors the management of European policies, especially through written and oral questions to the Commission and Council. It has the power to

**The democratically elected MEPs represent the interests of citizens from their Member States.**

### **Member State Representation in the European Parliament**

<i>UK</i>	<i>87</i>	<i>Netherlands</i>	<i>31</i>	<i>Austria</i>	<i>21</i>
<i>France</i>	<i>87</i>	<i>Belgium</i>	<i>25</i>	<i>Denmark</i>	<i>16</i>
<i>Italy</i>	<i>87</i>	<i>Greece</i>	<i>25</i>	<i>Finland</i>	<i>16</i>
<i>Germany</i>	<i>99</i>	<i>Portugal</i>	<i>25</i>	<i>Ireland</i>	<i>15</i>
<i>Spain</i>	<i>34</i>	<i>Sweden</i>	<i>22</i>	<i>Luxembourg</i>	<i>6</i>

approve the appointment of the European Commission and also to dismiss it by a two-thirds majority. Parliament also has the power to set up committees of enquiry, and the Petitions Committee examines petitions sent to it by Union citizens. The Maastricht Treaty on European Union empowered it to appoint an ombudsman to deal with complaints about maladministration in the activities of Union institutions.

The European Central Bank, which will set the single monetary policy necessary for the single currency jointly with national governments, will be answerable to the Monetary subcommittee of the European Parliament. Wim Duisenburg, the President of the ECB, must regularly report to this subcommittee, and answer questions put to him by the MEPs which compose it.

#### ■ **Budgetary**

The Parliament shares budgetary authority with the Council. It is the Parliament that votes on the adoption of the annual budget of around ECU 80 billion (approximately £65 billion) and oversees its implementation.

#### ■ **Legislative**

The formulation of legislation in the European Union is a three-way process. The Commission proposes legislative instruments, while the Parliament and the Council share the power to enact them. Parliament's powers were increased by the 1986 Single European Act which introduced a co-operation procedure giving it two readings of legislative proposals.

The introduction of a co-decision procedure in a number of important areas, introduced under the provisions of the Maastricht Treaty, conferred even greater legislative powers on the Parliament, giving it the ability to adopt regulations and Directives on an equal footing with the Council.

The Amsterdam Treaty endows the European Parliament with the power of co-decision in many more policy areas: employment, social policy, health, freedom of movement, the single market, transport, the Structural and Cohesion funds, research, the environment, development co-operation, non-discrimination on the

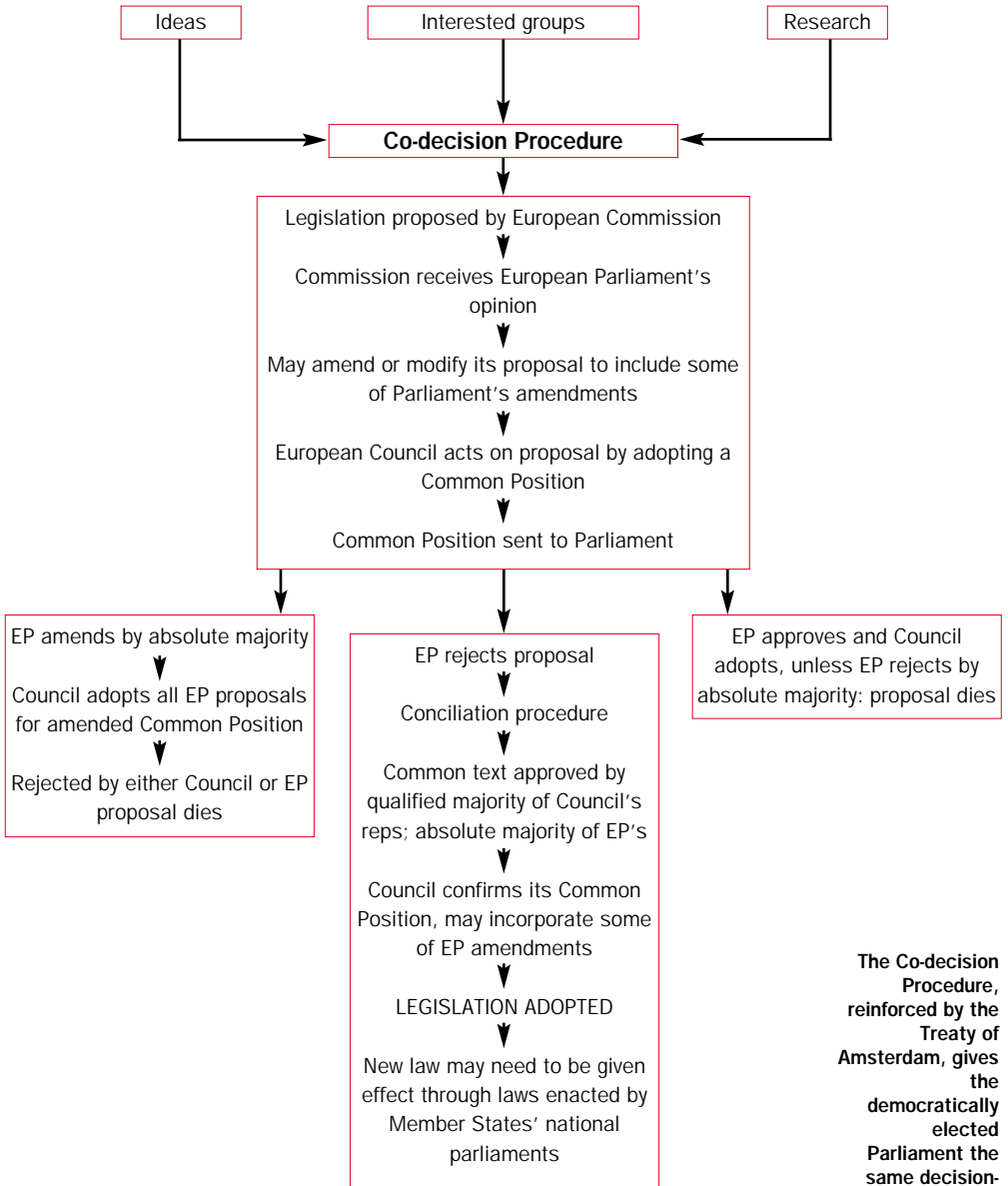
basis of nationality, transparency, fraud prevention, customs co-operation, statistics and data protection.

This expansion of Parliamentary power is an extremely important step, as it grants the directly elected MEPs far greater legislative power, enhancing the democratic process.



The European Parliament building, Brussels.

## How are EU Policies made?



**The Co-decision Procedure, reinforced by the Treaty of Amsterdam, gives the democratically elected Parliament the same decision-making power as the European Council of Ministers.**



**Plenary session:  
European  
Parliament in  
Strasbourg.**

For certain decisions of major importance, such as international agreements, accession of new members, uniform procedure for elections to Parliament and the right of residence of European Citizens, the Council must obtain Parliament's assent, under the Assent Procedure, which was also reinforced in the Amsterdam Treaty.

***The 1999 European Elections***

The UK Government changed the election system for the 1999 European Elections to proportional representation. All the votes for each region are counted together, and MEPs are appointed on the basis of the proportion of the total number of votes which their political party obtained.

This means that smaller political parties stand a far greater chance of being represented in the European Parliament.

***The Council of Ministers***

Notwithstanding the increased powers of the Parliament, the Council of Ministers remains the ultimate decision maker. The Council consists of ministerial representatives from each member state and is responsible for making the major policy decisions of the Union. So, for example, the British Minister for Agriculture would be a member of the Agriculture Committee, directly involving the British Government in which EU policies are finally made. The Council has its headquarters in Brussels, and each member state acts as President of the Council for six months in rotation.

Meetings are attended by different ministers according to the agenda, although Foreign Ministers are regarded as the countries' main representatives in the Council.

The Council of Ministers examines proposals from the Commission and can only alter them by unanimous agreement. Unanimity is also required to reject amendments by the Parliament that have been accepted by the Commission. Under the Treaty of Amsterdam, as discussed above, the Council of Ministers shares policy-making power with the European Parliament in more policy areas.

The Single European Act and the Maastricht Treaty extended the use of qualified majority voting to approve Commission proposals, although some matters, such as taxation, still require unanimity. Under the qualified majority system, 87 votes are divided proportionately between the member states. A qualified majority is achieved if 62 out of the 87 votes are cast in favour of a Commission proposal. Without qualified majority voting, the Single European Market would have taken considerably longer to achieve. This process will have to be re-examined very seriously when the EU expands to Central and Eastern Europe, when there will be more Council members.

### ***The European Commission***

The European Commission consists of 20 commissioners, comprising of two each from France, Germany, Italy, Spain and the UK; and one each from each of the other member states.

The Commission's term of office is five years. Parliament is consulted before the member states appoint the President of the Commission has to be approved by the Parliament before it is formally appointed. The Commission's headquarters are in Brussels and it has an administrative staff of approximately 15,000 officials. Although this may seem very large, in effect it is roughly the size of a UK Governmental Department. Members of the Commission are obliged to be completely independent of their national governments and act only in the interests of the European Union, similar to the way in which the British Civil Service acts independently, regardless of which political party is in Government. Each member of the Commission has responsibility for one or more policy areas, but decisions are taken on the basis of collective responsibility.

#### **Eurofact**

*The European Commission consists of 20 Commissioners and 20 Directorates General. The total number of employees is 15,000 – roughly the same size as a British government department*

The Commission fulfils the following roles:

■ **Guardian of the Treaties**

It ensures that Treaty provisions, and decision based on the Treaties, are correctly applied. It can initiate infringement proceedings against any member state and may refer matters to the Court of Justice.

■ **Legislative catalyst**

It initiates legislative proposals and exerts influence at every stage of the process leading up to the adoption of a new European Law.

■ **Executive body**

It issues rules for the implementation of certain Treaty articles and administers and oversees budget appropriations earmarked for Union operations.

***Resignation of the Commissioners – March 1999***

In March 1999, following investigations into allegations of maladministration, nepotism and corruption, a European panel of experts produced a scathing report, 'naming and shaming' certain Commissioners, and strongly criticising their management of the Commission. This was particularly damning for the Commission President, Jacques Santer. As a result of this, every single Commissioner, including the Jacques Santer, resigned, even though not all were guilty of the charges made. These Commissioners remain active until September 1999, when the newly elected European Parliament will approve the new candidates. This event will necessitate greater transparency and accountability in the European Commission

***The European Council***

The European Council, established in 1974, consists of Heads of State or Government and the President of the Commission, assisted by the Foreign Ministers and a Member of the Commission. It usually meets twice a year to set broad guidelines for future action. The location of the Council depends on which member state holds the Presidency at that time.

***The Court of Justice***

The Court of Justice, which sits in Luxembourg, comprises 15 judges. They are appointed for six years by agreement between the governments of the member states. It has direct responsibility for ensuring that human rights are respected (under the 1950 European Convention) and under the Treaty of Amsterdam, its jurisdiction extends to the areas of immigration,



asylum, visas, the crossing of borders, and where necessary judicial and criminal co-operation. The Court's main role is to ensure that the European Treaties are interpreted and applied in accordance with the law. The Court may find that a member state has failed to fulfil an obligation under the Treaties. The court also gives rulings on the interpretation or validity of points on European law. If a member state fails to comply with a judgement, the court may impose a lump-sum or penalty payment. In 1989, the Court of First Instance was created. It comprises 15 judges and deals with actions brought by individuals and businesses.

### ***The Court of Auditors***

Located in Luxembourg, the Court of Auditors monitors all areas of European Union financial activity. The 15 members of the Court of Auditors are appointed by unanimous decision of the Council after consultation with the Parliament. The Treaty of Amsterdam further strengthens its investigative powers, which will be an additional guarantee of sound and effective management of EU funds.

### ***The Economic and Social Committee***

The Economic and Social Committee is based in Brussels and must be consulted before the adoption of a significant number of decisions. It may also deliver opinions on its own initiative. The 222 members of the Committee are divided into three groups:

**Chamber of the  
European  
Parliament,  
Brussels.**

- Employers;
- Workers; and
- Other interest groups – for example, farmers, consumers, small and medium sized enterprises, ecological movements.

This is another opportunity for trade union representatives to influence EU policy. The Amsterdam Treaty extends its mandate to employment, social matters and public health. Matters relating to coal and steel are referred to the ECSC Consultative Committee, which is made up of representatives, manufacturers, traders, workers and consumers.



Many different groups and regions have their interests represented at the EU level.

### ***The Committee of the Regions***

Established by the Union Treaty and located in Brussels, the Committee of the Regions has 222 members, representing local and regional authorities. The Committee must be consulted by the Council or the Commission in a number of areas where regional interests are involved, notably

education, youth culture, public health, economic and social cohesion, trans-European transport, telecommunications and energy networks. As well as meeting in plenary five times a year, the work of the Committee is carried on by eight committees and four sub-committees.

## **The European Union**

### **– Enlargements and treaties**

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#### ***Maastricht and beyond***

The Treaty negotiated at Maastricht in December 1991 marked a new stage in the process of creating an ever closer union between the states and peoples of Europe. The road to ratification of the Treaty was far from smooth, with the political argument about Europe's future raging across most member states. Ratification was delayed because of political difficulties in France, Denmark, the UK and Germany, which was the last country to ratify the Treaty in November 1993. In order to achieve ratification, significant opt-outs were negotiated for both the UK, on social policy and EMU, and Denmark, on EMU and defence.

Maastricht not only amended the Treaty of Rome, but also introduced two new areas: common foreign and security policy; and justice and home affairs, where member states agreed to work together through new channels.

Out of Maastricht a new entity, the European Union was born, encompassing both the European Community and the web of new institutional relationships. The Treaty included a number of decisions and aims:

- A single currency, within the framework of economic and monetary union (EMU), by 1999 at the latest. Eleven member states have now fulfilled the convergence criteria, and Euro notes and coins will be in circulation from January 2002 onwards;
- A new Social protocol agreed by all member states with the exception of the UK, following the UK 'opt-out' negotiated by the Conservative Government. This protocol was signed by the Blair Labour Government shortly after it came to power;
- European citizenship, giving every person holding the nationality of a member state new rights including; the right to move and live freely within the territory of any member state, the right to vote and stand as a candidate at municipal, European and Parliamentary elections in any member state, the right to petition the European Parliament, and the right to diplomatic representation by any member state if your own country is not represented;
- Extension of the European Union's powers to cover more fields, such as the establishment of trans-European transport, telecommunications and energy networks, development co-operation and industrial policy, environmental protection education and culture, research and development, consumer protection, the extension of co-operation in justice and home affairs, and visa and immigration policy;
- More power for the European Parliament and the extension of decision making by qualified majority voting; and
- Common foreign and security policy.

The Amsterdam Treaty (1997) made many significant steps in the field of social policy, effectively counterbalancing the economic and monetary provisions of the Maastricht Treaty. For this reason, it is discussed in the section of this guide on Social Policy.

### Eurofact

*If you left Britain with £50, and travelled through all 14 other member states, spending nothing but converting it to the local currency in each country, you would return to Britain with around £25 after all the transaction costs.*

## **Enlargement**

From 2004 onwards, Central and East European countries will become members of the European Union. The process of accession to the European Union of the ten applicant countries of Central and Eastern Europe and Cyprus was launched on 30 March 1998. Enlargement will have a significant impact on the EU, particularly in the areas of agricultural and structural funding, the policy-making procedures, and the organisation of the institutions. Negotiations are currently being held with the first wave of applicants: Estonia, Hungary, Poland, the Czech Republic, Slovenia and Cyprus. The basic principle of the negotiations is that all the applicant countries must accept existing EU law.

### **First candidates for EU Accession**

*Estonia  
Czech Republic  
Hungary  
Slovenia  
Poland  
Cyprus*

The provisions for expansion made by the Amsterdam Treaty are backed up by Agenda 2000 – a document adopted by the Commission on 15 July 1997 as a general document on enlargement and the reform of the common policies, and on the Union's financial future beyond 31 December 1999. Agenda 2000 addresses the questions facing the Union at the start of the new millennium, and also contains the Commission's opinions on the countries that have applied for Union membership. Community programmes such as Phare and Tacis have been giving funding to

Central and East European countries for several years now, to help them restructure lagging economic sectors (mainly agriculture and industry) and generally to meet the EU accession criteria.

## **EMU and the single currency**

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Economic and Monetary union (EMU) has always been a principal long-term goal of the European Union. The timetable was agreed at the Maastricht summit in 1992 where the UK was granted an opt-out clause. It was agreed that in order to form part of the currency union, member states would have to meet five convergence criteria covering the key indicators of monetary and economic stability.

The five are as follows:

- A member state must have an inflation rate within 1.5 percentage points of the average rate of the three states with the lowest inflation;
- Its long term interest rates must be within two per cent of the average rate of the other member states with the lowest long term interest rates;
- Its national debt must not exceed 60 per cent of its GNP;



Eleven of the Member States have joined the first wave of the Euro.

- Its national budget deficit must remain below three per cent of its GNP; and
- For two years, the currency must have remained within the fluctuation rate margin allowed by the ERM.

These criteria were met and came into effect on January 1 1999, by way of the Single Currency – **the Euro**. The main implications of the single currency are that there is:

- a single exchange rate; and
- a single monetary policy.

The 11 out of the 15 EU member states which have joined the first wave, have a combined population of almost 300 million. The 'Euro zone' as it is known is comprised of: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain. The UK and Denmark, although meeting the convergence criteria, decided not join the first wave. Sweden and Greece did not meet the required conditions so were not ready to join. By January 1 2002, the Euro will be in circulation within the Euro zone. By July, the Euro will be the only currency in circulation.

The Euro will be one of the strongest currencies in the world and although the UK has not joined the first wave of members it will undoubtedly be affected by it. The Government has made it clear that unlike previous Conservative Governments it is in favour of joining the Single Currency once economic

#### Eurofact

*Over half of British exports are exposed to exchange rate fluctuations in Europe – getting rid of transaction costs would save £3 billion a year.*

conditions permit and the people, by way of a referendum, agree. The AEEU is in favour of the UK joining the single currency and recognises the clear benefits. These are:

- Stable exchange rates will remove trade uncertainty;
- Businesses will no longer be at the mercy of currency speculators;
- Business costs will be reduced, as currency transactions are no longer necessary;
- The single currency will ensure lower interest rates, which will increase investment and employment;
- Remaining out of the Euro will reduce the competitiveness of UK industries;
- Potential inward investment will reduce, as the UK will be seen as less competitive with exchange rate uncertainties and currency transaction costs. Investors in the UK may also consider moving to countries within the Euro zone;
- With one currency, large price differences will be more visible which will almost definitely lead to a reduction in prices. Employers will be more inclined to compare price, wage and productivity levels across Europe;
- Trade unions will also be able to make international comparisons, which will lead to increased co-operation at the European level; and
- The UK's impact on global economic policy will significantly reduce the longer we are out of the Euro zone.

Under EMU, economic policy meetings are co-ordinated through the Economic and Finance Council of Ministers (ECOFIN) or the Euro – 11 which is made up by national finance ministers. Until the UK agrees to join

the single currency, the UK Chancellor can not attend these meetings and is unable to vote on EMU matters, or appoint members to the European Central Bank (ECB). Some argue that the ECB will pursue policies that will not be in the interest of the UK economy. However, it must be remembered that the ECB is independent and once the UK joins we will have a representative on its board and have a significant influence on Economic Monetary Policy.

The Euro symbol will appear on the 11 Eurozone currencies from 2002.



## Social policy in the European Union

When discussing European social policy, it is crucial to remember that it has been particularly beneficial for the UK. It would be fair to say that during the four consecutive Conservative Governments between 1979 and 1997, more significant and positive social policy was passed at the European level than the national one.

Much of the UK's employment law stems from European social legislation, including the 1975 Collective Redundancies Directive which introduced general minimum rights of consultation in certain cases and the 1977 Acquired Rights Directive which spawned the TUPE regulations.

The former President of the European Commission, Jacques Delors, best summed up the approach when he said that there could be no social progress without economic progress, and no economic progress without social cohesion. Social measures are a vital counterpart of the construction of a single economic market, and this point is emphasised in the Amsterdam Treaty.

From the outset, the European community has always had a clear and firm commitment social policy. Improving living and working conditions and equality of opportunities were explicit objectives of the Treaty of Rome, and the Treaty of Amsterdam reaffirmed a strong commitment to employment and citizens' rights. The European Commission has worked, for many years, towards the enhancement and of workers' rights in the Community.

A number of funding mechanisms have been set in place to achieve these aims:

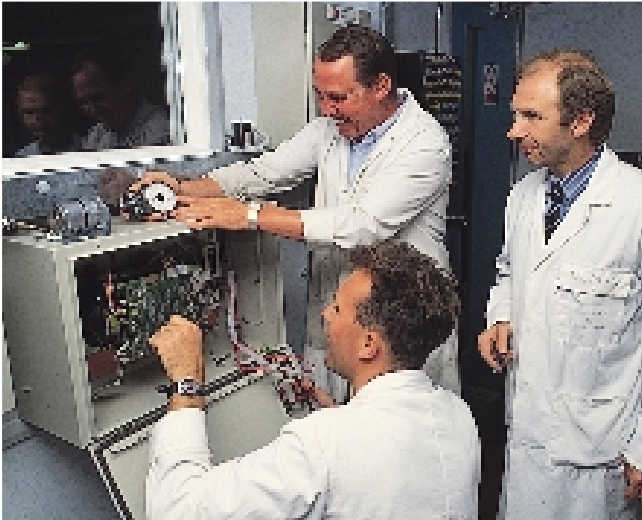
### **The European Social Fund**

In 1961, the European Social Fund was set up to help create jobs and promote vocational and geographical mobility across a number of industries. This fund co-finances schemes for human resources

### **Rights guaranteed by the social charter**

- *The right to work, including the right to vocational guidance and vocational training;*
- *Protection in the work environment: the right to just conditions of work and fair remuneration including the right of women and men to equal pay for work of equal value;*
- *The right to organise, the right to bargain collectively and the right of workers to information and consultation as well as the right to participate in the determination and improvement of their working conditions and working environment; and*
- *Special protection for certain categories of workers, children and young persons, women, handicapped persons, migrant workers.*

development. It can help people to get (back) into the labour market and support people who are already in work by improving their professional prospects. It aims to tackle unemployment by providing opportunities in



**The European Union provides funding for vocational and professional training.**

the labour market, by supporting the development of professional skills and qualifications and fostering the creation of new jobs.

The European Social Fund, is the European Union's main tool for developing human resources and improving the workings of the labour market throughout the Union. ESF funding can be accessed to assist various sectors of industry to improve the skills of their employees and become more competitive through

technological and innovative training, for example. The ESF incorporates and funds Community Initiatives, which are designed to target specific problems on a Union-wide basis. For example, the EMPLOYMENT Initiative, which will operate until the end of 1999, targets groups that face specific difficulties in the employment market and has three inter-related strands: NOW, HORIZON AND YOUTHSTART (the total budget is 2,600 million ECU, which is around £1,700 million).

### ***The European Structural Funds***

The European Structural Funds aim to lessen the regional disparities within the EU, to promote social and economic cohesion. They are composed of four separate funds, which each apply to different sectors:

- The European Regional Development Fund;
- The European Social Fund;
- European Agricultural Guidance and Guarantee Fund; and
- Financial Instrument for Fisheries Guidance;

In the period 1994-1999, the total budget for these was £128 billion, which is approximately one third of the total Community budget. Significant reforms have been made for the period 2000-2006, which will result in an increase to over £200 billion, and from which Britain will benefit greatly.

The European Parliament was instrumental in these reforms, which will reduce the number of Objective areas from six to three, as well as the number of Community Initiatives, whilst granting greater scope and more resources to each one. This is a very positive step, which will simplify the funding and administration processes.

### **Social Rights**

European social policy is about more than just financial assistance. Over the years, legislation has been passed guaranteeing rights across the Community. As part of the process of creating a single European market, the Commission produced a Community Charter of the Fundamental Social Rights of Workers or 'Social Charter' as it came to be known. Although not legally binding, the Charter sets out a list of rights which should be enjoyed by workers throughout the Community:

In order to deliver some of these rights, the 1989 Action Programme set out over 40 proposals, including 17 Directives, a number of which have since passed into law.

### **The Maastricht Social Protocol and the UK**

Social policy was to have been one of the most significant chapters in the Maastricht Treaty. In order to accommodate the objections of the then Conservative UK Government, however, the provisions had to be dealt with in a separate protocol to the Treaty. The other 11 member states all signed the protocol (as did the three new entrants in 1995). The opt-out meant that the UK not only had no say on legislation proposed under the protocol, but also that the provisions of such legislation did not apply in Britain. However, legislation brought forward, and passed, under the pre-Maastricht arrangements would still apply to the UK. In policy areas which require unanimity, the UK would, however, retain its right of veto, but has been placed in the invidious position of taking on board legislation having had no say in its drafting.

The opt-out deprived British people of basic rights and minimum working standards enjoyed in other member states. Despite the opt-out though, UK companies were still affected, notably by the European Works Councils Directive adopted recently under the Social Protocol provisions. Despite the lack of legal compunction, a large number of these companies recognised that it would be a folly to exclude UK-based workers from these arrangements.

#### **Eurofact**

*Did you know that from 1999 onwards, over 40 per cent of British citizens will be living in areas benefiting from EU structural funding?*

During the 1997 General Election, the Labour Party made a promise to sign the Social Protocol, which Tony Blair carried out shortly after coming into Government.

The Social Protocol extended the scope of qualified majority voting to cover the following social issues:

- Health and safety;
- Working conditions;
- Information for and consultation of workers;
- Equality at work of men and women; and
- Assistance for the unemployed.

Other issues still subject to decisions by unanimous vote include social security; protection of workers made redundant; representation and defence of workers and employees; conditions of employment of third country nationals; and financial contributions for promoting jobs.

The Maastricht Treaty also introduced the possibility of collective agreements on social issues between trade unions and employers' organisations at European Level. These agreements, following adoption by the Council of Ministers, could be implemented instead of legislation. These 'social dialogue' arrangements were introduced as the result of a deal reached between the European Employers' Organisation (UNICE) and the European TUC (ETUC). The first such agreement, on parental leave was reached at the end of 1995. The focus of EU Social Policy has switched from making new legislative proposals to the consolidation of existing legislation and the fight against unemployment. In December

### Provisions of the Amsterdam Treaty

- *Recommitting the EU to basic human rights and freedoms;*
- *Giving the EU new powers to combat discrimination;*
- *Strengthening co-operation between custom, judicial, and police authorities of the Member States in the fight against crime and drugs, and making the fight against drugs a specific objective of the EU;*
- *Placing the fight against unemployment at the heart of EU policy;*
- *Strengthening the equality provisions of the Treaties (in particular for women, the disabled and minorities);*
- *Placing protection of the environment as a primary goal of the EU;*
- *Making consumer protection and high levels of human health priorities of the EU;*
- *Strengthening workers' rights by recognising the European Social Charter; and*
- *Giving the EU new powers to tackle poverty.*

1994, all the states of the EU, with the exception of the UK, adopted a resolution setting out its aims on social policy, with an emphasis upon subsidiarity, convergence of systems (rather than making them uniform) and preparations for the social dialogue.

### **The Amsterdam Treaty**

The Amsterdam Treaty (1997) is a particularly significant document for employment and social affairs. European unemployment currently runs at around 17 million people and its reduction has long been a priority of the EU, and has been addressed in the Treaties and by Commission White Papers (for example on 'Growth, Competitiveness and Employment', and another on how to fight social exclusion, poverty and discrimination).

Although employment policy must clearly remain chiefly the responsibility of individual member states, the

Amsterdam Treaty establishes a high level of employment in black and white as a major objective of the Union. Rather than imposing further legislation upon member states, it encourages exchange of best practice and national experience, and the co-ordination of national employment policies. Whereas the Treaty of Maastricht made mainly economic and monetary provisions, the Treaty of Amsterdam addresses the balance in the field of social policy, providing a framework for permanent and regular collaboration between member states in this field. This, in turn, will contribute to the goals of economic and monetary stability outlined in the Maastricht Treaty.

The Amsterdam Treaty has four main objectives:

- To place employment and citizens rights at the heart of the Union;
- To sweep away the last remaining obstacles to freedom of movement and to strengthen security;
- To give Europe a stronger voice in world affairs; and
- To make the Union's institutional structure more efficient with a view to enlarging the Union.

The Treaty also grants co-decision rights to the European Parliament in all areas of social affairs which are subject to qualified majority voting.



**The Amsterdam Treaty aims to put employment and citizens right at the heart of the EU.**

This is a simplified procedure, which grants the European Parliament equal decision-making power to the Council of Ministers, and increases its role and thereby democratically legitimising the policy-making process.

### ***1998 Working Time Regulations***

After much delay, the European Working Time Directive (93/104/EU) was eventually transposed into UK law on the 1 October 1998 by the Working Time Regulations 1998. These regulations were introduced as a health and safety provision under Article 100 of the Treaty of Rome, and implement important, European-wide health and safety measures. Regulation 4 determines that a worker's working time, including overtime, shall not exceed an average of 48 hours in each seven day period, although workers have the option to opt out of this regulation by written agreement. The regulations also provide a right to three weeks' annual leave (minimum service 13 weeks), increased to four weeks in November 1999, and obliges the employer to provide a health assessment at the commencement of night work. For more information on these regulations, consult the AEEU's 'Practical Guide to the Working Time Regulations', available from the International Department.

### ***1998 Employment Guidelines***

Following the introduction of a new title on employment in the Amsterdam Treaty, at the Luxembourg jobs summit in November 1997, the member states decided on a European strategy for employment based on four main guidelines, or 'pillars'. These are:

- Improving employability;
- Developing entrepreneurship;
- Encouraging adaptability in businesses and their employees; and
- Strengthening the policies for equal opportunities.

The Luxembourg European Council decided that each year, each Member State must implement under a 'National Action Plan' (NAP) for employment, which must also be submitted to the European Commission and Council. The NAP must lay out policies, and a plan of action, addressing each of these four pillars individually, and describing how their goals can be met within the national economic and social framework.

### ***Social Action Programme: 1999-2000***

The SAP is another social policy tool, developed by the European Commission to set a medium term plan for approaching social issues. With the 1999-2000 SAP, the European Commission set out a framework



for the future development of European Social Policy for a two-year period. Containing a number of ambitious proposals, it builds upon the advances in the social field made by the Treaty of Amsterdam, and also considers EU social policy with regard to enlargement.

Its three main priorities are:

- Jobs, skills and mobility: actions aimed at creating jobs and preventing unemployment; and promoting free movement of workers. This is based on the 1998 Employment Guidelines and European Employment Strategy;
- The changing world of work: modernising work organisation and promoting adaptability, anticipating industrial change, seizing the opportunities of the Information Society, and creating a safe and healthy workplace; and
- Developing an inclusive society: including modernising and improving social protection, promoting social inclusion, achieving equality, fighting discrimination, and encouraging a healthy society.

And it has three main objectives:

- To provide a framework for the future development of social policy in a period of dynamic change, responding to the European Parliament, and European NGOs, to create dynamic social policy for the next phase of European integration. Its' philosophy is that economic and social progress go hand in hand and that economic progress must raise peoples' standard of living;

**The EU has provided British workers with more rights and protection in the workplace.**

- To respond to the strengthening of social policy introduced by the Treaty of Amsterdam which provides: a new employment title, new provisions on equal opportunities, exclusion, public health and anti-discrimination. In particular, it puts the new European Employment Strategy agreed at the Luxembourg Jobs Summit at the centre of the social policy agenda; and
- To provide an overview of the main activities that the Commission aims to pursue over the next three years in the social field, mainly building on the achievements of the previous SAP.

### **European Works Councils**

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The European Works Councils (EWC) Directive is probably the most far reaching and controversial industrial relations measure ever passed into European law. The Directive was approved by the Council of Ministers on 22 September 1994, under the terms of the Social Protocol from which the UK 'opted out'.

With many companies now operating on an international scale, the Directive seeks to ensure that employees in these multinational organisations are properly informed and consulted about the enterprise's progress and prospects. Many European states already have formal

**Around 500  
companies across  
the EU now have  
EWCs.**



structures for information and consultation at national level, but the Directive represents the first time that the requirement to consult and inform has been extended to European level.

The adoption of the Directive followed attempts by the European Commission over many years to strengthen employee participation and consultation procedures. These initiatives were, however, foiled by opposition from business and certain governments, most notably the UK. The Social Protocol, however, enabled the other member states to circumvent the objections of the UK Government and finally adopt legislation.

All EU member states, with the exception of the UK had to incorporate the EWC Directive into national law by 22 September 1996. In addition, Norway, Iceland and Liechtenstein, the three states making up the European Economic Area, also agreed to implement the Directive.

On coming to power the Labour Government reversed the UK opt-out on the Social Protocol. As a result, a new European Directive was adopted on 15th December 1997, bringing the UK into line with the rest of the EU in terms of EWCs. This Directive must be transposed into UK law by 15th December 1999 at the latest.

Although the legislation did not come into force until September 1996, Article 13 of the Directive provided for voluntary agreements reached before this date to continue in effect after the deadline for implementation. For this reason, both companies and trade unions did not wait for the law in negotiating voluntary agreements. Even prior to adoption of the Directive, a number of such agreements had been reached, with the European Metalworkers Federation as one prime mover. According to the European Commission, about 500 companies had reached EWC agreements by early 1999.

The impact of the Directive is considerable. It is estimated that more than 1,200 companies operating in Europe, with approximately 15 million employees between them, are covered by the legislation.

The Directive applies to all 'Community-scale' multinational enterprises, employing at least 1,000 people in the states covered by the Directive, including at least 150 in two or more of those countries. Whether an EWC or some other form of information and consultation procedure is to be set up, and how such mechanisms will operate, are to be determined by agreement between the central management of the enterprise and a 'special negotiating body' consisting of employee representatives. The procedure for negotiating EWCs may begin either at the instigation of the management or when at least 100 employees or their representatives,

**EWCs ensure that employees of multinationals are properly consulted about the enterprises' progress and activities.**

from at least two member states, ask for negotiations to start. Where negotiations do not produce an agreement after three years, a 'standard model' EWC must be introduced on the basis of the 'subsidiary requirements' set out in the Directive.

These requirements, which can also be invoked if a management refuses to start negotiations within six months of having been asked to do so, provide for an EWC to be established with between three and 30

members drawn from amongst existing employees in states covered by the Directive. Each of these states is entitled to at least one seat.

The competence of the EWC will be limited to matters which concern the enterprise as a whole or those which concern its operations in at least two member states. The EWC will have the right to meet with the central management at least once a year, to be informed and

consulted. Such information shall relate in particular to:

- The enterprise's structure and economic and financial situation;
- The probable development of the business and of production and sales;
- The employment situation and probable trend;
- Investments; and
- Substantial changes concerning organisation, new working methods or production processes, transfers of production, mergers, cutbacks or closures of undertakings, establishments or important parts thereof, or collective redundancies.

Extra meetings are possible to ensure information and consultation on measures significantly affecting employees' interests.

The Directive does not lay down minimum standards, if an EWC results from an agreement between management and the special negotiating body. It simply lists the issues which the parties should include in the agreement. These are:

- Which companies and/or locations are covered by the agreement;
- The composition of the EWC – number of members, allocation of seats and term of office;



- The tasks and procedures of the EWC;
- Where, how often and for how long the EWC should meet;
- How much money and other resources the EWC should have; and
- How long the agreement is to last.

The UK opt-out from the Directive only had a partial effect. The Conservative Government did not have to implement the Directive and UK employees were not included in the calculations which determined whether an enterprise meets the EWC criteria. Nevertheless, UK employee involvement in EWCs during the opt-out phase was considerable. Only a handful of companies chose to exclude UK workers from EWCs.

The strong degree of UK inclusion has been in no small measure to the pressure exerted by both the UK and European unions on companies.

EWCs provide fresh challenges for trade unions. The Directive makes no explicit reference to trade unions although they have, in practice, driven most of the progress made so far. A few companies have attempted to bypass trade unions in setting up EWCs. Some trade unionists have expressed concern that EWCs may be used to circumvent existing bargaining arrangements. This fear has so far proved unfounded.

Steps have already been taken to combat the potential problems for trade unions. The EMF, for example, has issued guidelines to affiliated unions setting out minimum requirements, including the recognition and inclusion of trade unions in any discussions on EWCs (for more information see the AEEU guide to EWCs).

Although they do not offer a panacea for all ills, there can be no doubt that European Works Councils will play an increasingly significant role in the industrial relations of multinational companies. TUC General Secretary, John Monks, summed the situation up well when he said that the choice is 'not about whether there should be European Works Councils or not, but between European Works Councils which are exploited to their full potential by trade unions and those that become tame bodies whose agenda and functioning is determined by the employer'.

The AEEU is working hard to ensure that EWCs take the first path in becoming effective trade union tools for enhancing representation of employees across Europe.



**AGENDA 2000** The name given to a series of reforms seeking to modernise Community policies such as agricultural policy and economic and social cohesion, and to give the European Union a new financial framework for 2000-06. It should enable the Union to rise to the challenges which it will face in the years to come and to carry out its future enlargement successfully.

**CAP** Common Agricultural Policy: set up by the Treaty of Rome and desperately in need of reform. In 1994, CAP accounted for half of total EU spending.

**CEEC** Central and East European countries

**Cohesion** A term meaning the reduction in disparities between regions

**COREPER** The Committee of Permanent Representatives: made up of member states' ambassadors to the EU plus their deputies and advisers, assisted by national civil servants. Prepares work for the Council of Ministers.

**DG** Directorates General: the administrative departments of the European Commissioners. Generally referred to by number, for example DG V for social affairs.

**ECB** European Central Bank: composed of representatives from the national banks of the Euro 11, it is responsible for co-ordinating EU monetary policy.

**ECOSOC** Economic and Social Committee: composed of representatives from employers, workers and other interest groups, it must be consulted before the adoption of a significant policies in certain areas.

**ECSC** European Coal and Steel Community: the first step towards European Union, established by the Treaty of Paris in 1952. This Treaty pooled the coal and steel resources of six European countries.

**EFTA** European Free Trade Association: founded in 1960 as an alternative to the EEC. Five of its previous members – UK, Denmark, Austria, Sweden and Finland – have left to join the EU. The remaining members are Iceland, Liechtenstein, Norway and Switzerland.

- EMF** European Metalworkers Federation: represents engineering and manufacturing workers across the continent of Europe.
- EMS** European Monetary System: set up in 1979 to create an area of internal and external monetary stability in Europe.
- EPLP** European Parliamentary Labour Party: the Labour Group of MEPs within the European Parliament.
- ERM** Exchange Rate Mechanism: operates within the EMS and aims to help to preserve monetary stability. Participating states agree to keep their exchange rates within set limits either side of a central rate. The UK joined in 1990, but left in 1992 following currency difficulties.
- ETUC** European Trade Union Congress (European TUC). One of the Social Partners.
- Euro** The European Single currency unit
- Eurostat** The statistical office of the European Communities
- NAP** National Action Plan: the strategy for employment based upon the 4 pillars laid out by the 1998 Employment Guidelines, which each member state must draw up annually
- Subsidiarity** Term used to describe the principle of appropriate responsibility at appropriate levels. In effect, anything which can be done by those at lower levels of responsibility must not be done by those at higher levels. An important term in the debate over Europe's powers.
- UKREP** The UK permanent representation to the European Union in Brussels.

## Further Contacts

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European Commission (Representation in the UK)  
8 Storey's Gate  
London SW1P 3AT  
Tel: 0171 973 1992

European Parliament (Representation in the UK)  
2 Queen Anne's Gate  
London SW1H 9AA  
Tel: 0171 227 4300  
Call this number to find out who your MEP is

International Department  
AEEU  
Hayes Court, West Common Road  
Hayes , Bromley  
Kent BR2 7AU  
Tel: 0181 462 7755

For further information on European issues please contact:

AEEU European and International Department  
Hayes Court, West Common Road  
Hayes, Bromley  
Kent BR2 7AU

Tel: 0181 462 7755

Fax: 0181 315 8213

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