

## EPSU response to the EC consultation<sup>1</sup>: "Towards a new European Neighbourhood Policy"

### Introduction

1. EPSU welcomes the opportunity to respond to the EC consultation on the future of the European Neighbourhood policy and to answer some of the questions put forward for discussion with partners and stakeholders. This response is intended to complement the input into the consultation from the Pan-European Regional Council (PERC), European Trade Union Confederation (ETUC) and International Trade Union Confederation (ITUC).
2. EPSU is one of Europe's largest trade union federation representing workers in public administration, local and regional government, health and social services and utilities in both the EU and the eastern countries of the neighbourhood. Our global federation the Public Service International (PSI) represents countries to the south. We expect to be involved in the follow-up to the consultation and in the preparation of the Communication foreseen for Autumn of 2015 that will set out proposals for the future direction of the ENP.
3. EPSU's comments focus on quality public services and the role they play in developing sustainable, democratic and cohesive societies. In the current ENP, including in the Communication of March 2013<sup>2</sup> there is little reference to the role of public services, or to social and economic cohesion. However, the EU Treaty recognises the special role and values of public services in the EU's social market economy, i.e., Protocol on Services of General Interest (SGI) (number 26), Article 14, the Charter of Fundamental Rights, as well as in Article 3 (solidarity). EPSU considers that these Treaty provisions provide for a more social interpretation than has been made to date Article 8(1) that provides the basis for the ENP, i.e., *'the Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterized by close and peaceful relations based on cooperation'*.
4. The EU in its relations with third countries should seek to share its values, not impose its policies. EPSU does not for example support a ENP that promotes privatisation and structural labour market reforms. These policies have little to do with 'neighbourliness' and are competences of the countries concerned. We would be opposed to any watering down of the already modest social ambitions for the ENP. On the contrary, as we argued in 2006 in our extensive critique of the ENP, they should be strengthened.<sup>3</sup>

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1 Joint consultation paper: ['Towards a new European Neighbourhood Policy'](#) also in [FR](#) | [DE](#).

2 Joint Communication on the European Neighbourhood Policy: Working towards a Stronger Partnership JOIN(2013) 4 final [http://ec.europa.eu/world/enp/docs/2013\\_enp\\_pack/2013\\_comm\\_conjoint\\_en.pdf](http://ec.europa.eu/world/enp/docs/2013_enp_pack/2013_comm_conjoint_en.pdf)

3 EU Neighbourhood policy: implications for public services and trade unions, PSIRU <http://www.epsu.org/a/1764>. An update of the paper was published in 2012 <http://www.epsu.org/IMG/pdf/draft-final-ENP2012.pdf>

## Taking stock of the ENP to date

5. The EC consultation paper does not provide any assessment of the impact of the ENP on different policy areas, including for example on employment or poverty reduction. The paper merely states that *'today's neighbourhood is less stable than 10 years ago'* and points to external factors as being responsible, such as increasingly assertive Russian policy, failure of the Middle East Peace Process and conflicts in Syria. While undoubtedly these factors are important, EPSU would like to see an evaluation of the ENP that addresses its social, environmental and economic impacts. Information should be provided on how EC funds have been used and an assessment of the results achieved should be given.
6. The EC should evaluate the liberalisation aspects of the action plans / association agreements that have been drawn up between the EU and partner countries. These contain many references to the need for privatisation, in contradiction of the EU's neutrality on the question of public or private ownership. This neutrality was (re)affirmed in 2014 by the EC specifically in the case of water<sup>4</sup> but this has unfortunately not prevented the EC concluding privatisation plans with many ENP countries<sup>5</sup>.
7. EPSU points out that there is much evidence to show privatisation does not improve economic development or efficiency. A major study of energy companies worldwide for example concluded that there is no significant difference in efficiency between publicly and privately owned electricity companies.<sup>6</sup> In countries with poor governance structures on the other hand, privatization provides extra opportunities for corruption and can impede democratisation processes. Complex contractual arrangements typical of concessions and Public-Private Partnerships (PPPs) are particularly problematic, as an increasing amount of research has shown. The EU should not be supporting PPPs, within or outside the EU. As is well said *'If you're a good public sector, you shouldn't need PPPs. If you're bad, you shouldn't go near them.'*<sup>7</sup>

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4 See joint memo from the environment and internal market Commissioners [http://europa.eu/rapid/press-release\\_MEMO-13-131\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-131_en.htm)

5 See for example extracts from following ENP Action Plans :

- Ukraine [http://ec.europa.eu/world/enp/pdf/action\\_plans/ukraine\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/ukraine_enp_ap_final_en.pdf) Implement privatisation programme, including large-scale privatization
- Moldova [http://ec.europa.eu/world/enp/pdf/action\\_plans/moldova\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/moldova_enp_ap_final_en.pdf) Implementation of privatisation programme, covering in particular outstanding large-scale privatisation as a priority and the energy sector.
- Georgia [http://ec.europa.eu/world/enp/pdf/action\\_plans/georgia\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/georgia_enp_ap_final_en.pdf) Pursue transparent privatisation process both as regards divestiture and use of privatisation proceeds;
- Azerbaijan [http://ec.europa.eu/world/enp/pdf/action\\_plans/azerbaijan\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/azerbaijan_enp_ap_final_en.pdf) Speed up the implementation of the "Second State Programme of Privatisation of State-owned Property in the Republic of Azerbaijan", including the privatisation of strategic enterprises
- Jordan [http://ec.europa.eu/world/enp/pdf/action\\_plans/jordan\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/jordan_enp_ap_final_en.pdf) Continue progress with the privatisation program
- Egypt [http://ec.europa.eu/world/enp/pdf/action\\_plans/egypt\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/egypt_enp_ap_final_en.pdf) Increase the capacity to create sustainable growth and employment by further improving the conditions of private sector development, enhancing the investment climate, and accelerating the privatisation programme.
- Tunisia [http://ec.europa.eu/world/enp/pdf/action\\_plans/tunisia\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/tunisia_enp_ap_final_en.pdf) continue the programme of privatisation and disengagement of the State; adopt an action plan for opening up the infrastructure sector to private participation

6 *Ownership and Performance in Electrical Utilities*, Michael Pollitt, 1995, Oxford University Press, quoted in PSIRU report [www.psir.org/reports/9803-u-eur-pubent.doc](http://www.psir.org/reports/9803-u-eur-pubent.doc). See also EPSU publication on public / private efficiency. <http://www.epsu.org/a/11009>

7 Quoted in PSI's 'Why public-partnerships don't work: the many advantages of the public alternative', see [The PSI Press release and new report](#) and also EPSU's [Most recent EPSU publication on PPPs](#).

8. EPSU considers that the EU needs to evaluate the impact of its policy to encourage liberalisation and privatisation in ENP countries, and whether this has not slowed down, rather than speed up, democratization processes. Furthermore, an assessment of the expected social, economic and environment consequences of the Deep and Comprehensive Free Trade Agreements (DCFTAs) is needed, including at sectoral level.
9. It is important also to assess the role that trade unions and civil society organisations have played – or have not been able to play - within the ENP. The consultation paper asks a question about the greater involvement of Member States in the ENP, in addition to EU institutions but seems to confine this concept to national governments. For EPSU 'partnership' cannot be reduced to relationships between governments and institutions. A bigger place and capacity-building for trade unions to play their full and much-needed role in defending workers' rights and creating 'more and better' jobs is essential.
10. There are a number of shortcomings in the functioning of the Civil Society Forum that need to be addressed. The ENP should give more support to the ITUC, PERC and ETUC and their members at sectoral and national level to strengthen workers' rights and social dialogue. A coherent and comprehensive strategy to include trade unions – at sectoral and cross-sectoral levels - and social partners in all areas of the ENP policy could only be beneficial. The focus should be on building independent and representative organisations, not on promoting structural labour market reform.
11. At sectoral level trade unions and social partners have a very concrete role. For example, EPSU members in public administration have been at the forefront of initiatives to implement the 'right to good administration' as set out in the EU Charter of Fundamental Rights, in areas such as good governance, anti-corruption, tax justice and local democracy. EPSU members in health and social services, water, waste and energy sectors, emergency services contribute to services that are indispensable to the development of sustainable societies. In all sectors we aim to build strong and constructive social dialogue with employers' organisations. PSI's membership in countries to the south of the EU's borders play a similar role. EU policy on the ENP should therefore stress that public service unions need to fully involved and consulted.

### **Towards a reinforced (social) ENP**

12. EPSU considers that the EU must pursue a coherent strategy and policy towards all countries outside its borders aimed at promoting good governance, democracy, and social and economic justice. We support the call from the ETUC for a greater coherence within the European Commission between different DGs involved in the ENP, especially Employment and Social Affairs, Development and Trade. We also encourage close cooperation with International Labour Organisation (ILO). The ILO decent work remains very relevant for all countries (workers' rights, social protection – including healthcare – employment and social dialogue). The EU should also promote the full, without exceptions, accession of the eastern European countries to the European social charter (revised), including the collective complaint procedure.
13. All policies can support employment, gender equality, and quality jobs. For example, the new EU public procurement Directives for example have a mandatory social (and environmental) clause to ensure respect for legislation and collective agreements and also give space for public authorities to include quality, social and environmental criteria in public contracts. EU-funded projects should use the Directives to the full. There should also be full transparency of how the money is used.

14. In the consultation paper trade and economic development features first on the list of possible areas to focus on in a renewed ENP. As stated previously, EPSU considers that the ENP has focused too much on economic considerations in the past. We call for a shift in direction of the ENP towards giving more emphasis to the rule of law, human rights (including workers rights) and democracy (including economic democracy). These are not 'by-products' of social and economic development but their building blocks, and they provide a framework for dealing with many of the issues listed in the consultation paper, for example migration and gender equality. It is on this basis that a coherent policy will be possible towards third countries, even if the relations between the countries vary, from the integration in the Energy Community, the DCFTAs, looser cooperation e.g. like with Azerbaijan or even if countries are part of the Eurasian Economic Union like Armenia and Belo-Russia.
15. There is much evidence that shows how publicly-funded, solidarity based public services foster social justice, cohesion, welfare, and sustainable and long-term growth.<sup>8</sup> The EC should take such research into account and promote it. Rather than promote liberalisation and privatisation, the ENP should support public-public cooperation and other instruments such as exchanges and benchmarking to support countries improve their public services and public administration.
16. In this context, as suggested by the consultation paper, financial support for the development of public (common) goods and services could promote an investment rather than a donor dynamic. Such an approach gives some guarantee that public money will be used for the public good rather than private profit. There are many initiatives in the water sector (e.g. the EU [right2water campaign](#)) that could be developed. The EU's 'common values and Principles in EU health Systems'<sup>9</sup> gives support to solidarity-based health systems and this could also be an instrument in the framework of relations with third countries. The same is true for the recent joint report from the EC and Social Protection Committee on long-term care (LTC). The attention given this year to the Sustainable Development Goals (SDGs), and the inclusion of the social protection with them, makes this a timely moment.
17. The EU should not press for any liberalisation commitments in its relations with third countries. A recent World Health Organisation (WHO) report points out the risks: "*Opening the health sector to trade reform processes have split purchasers and providers and have seen increasing segmentation and fragmentation in health-care systems....*" Rather than promote liberalisation and privatisation, the ENP should support public-public cooperation and other instruments such as exchanges and benchmarking to support countries improve their public services and public administration. The EC should give support to countries such as the Ukraine who wish to undo commitments in their healthcare sector made in GATS.
18. The EU should encourage the development of fair taxation principles and building progressive and effective taxation systems. Tackling tax evasion and fraud, shifting tax

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<sup>8</sup> For example:

- *Why We Need Public Spending*<sup>8</sup> (PSIRU 2014): shows how public investment in social and other infrastructures lays the foundation for long-term, sustainable and cohesive growth. This is echoed by a recent study of 25 EU countries (*Does investment in the health sector promote or inhibit economic growth?*<sup>9</sup> <http://www.globalizationandhealth.com/content/pdf/1744-8603-9-43.pdf>)
- The OECD (*Doing better for families*, 2011) argues that direct public financing in childcare leads to more efficient management, better quality and fairer access than the system of paying benefits to parents.
- The OECD study (*Closing the gender pay gap*, 2012) shows too that public spending in childcare (and eldercare) has an additional impact on gender equality.
- Research (*The Body Economic – Why Austerity Kills*, David Stuckler and Sanjay Basu, 2013) on health and social spending emphasises that investment in these areas benefits the economy as a whole.

<sup>9</sup> Published in the OJ 146, 22.06.2006

away from labour towards capital is all necessary. Transparency of financial information and a well-resourced and competent tax administration are prerequisites.

19. Finally, the consultation paper focuses on the ENP, but in all policies and fora the EU should be guided in its approach by the values of democracy and social and economic justice.