

Brussels, 28 March 2001

OPINION
of the
Economic and Social Committee
on
Freedom of movement for workers in the single market
(Single Market Observatory)
(Own-initiative opinion)

On 2 March 2000 the Economic and Social Committee decided to draw up an own-initiative opinion, under Rule 23(3) of its Rules of Procedure, on

*Freedom of movement for workers in the single market
(Single Market Observatory).*

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 8 December 2000. The rapporteur was **Mr Wilms**.

The Committee adopted the following opinion at its 380th plenary session (meeting of 28 March 2001) by 80 votes to 13, with 31 abstentions:

1. The right of freedom of movement - importance and future prospects

1.1 Importance and acceptability of the right of freedom of movement

1.1.1 Freedom of movement for individuals is one of the most important objectives of the Community, as enshrined in the European Treaties. It is, in particular, a key basic right of workers and their families. Freedom of movement was identified as one of the key elements of the single market by the Treaty of Rome ("The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty").

1.1.2 Freedom of movement for workers is, in the ESC's view, a key factor in the achievement of an ever closer Union. It is also one of the most concrete expressions of the concept of Union citizenship¹.

1.1.3 The ESC highlights the need to continue to give priority to improving employment opportunities throughout Europe and, in particular, in disadvantaged regions. Since not even the best common labour market policy in the EU is able to bring about a completely level playing field as regards job opportunities and income prospects, freedom of movement for workers from regions still suffering disadvantages or for workers possessing skills which are not sufficiently in demand on their home labour markets, provides them with new opportunities to share in the growing prosperity of the EU. Ideally it also eases the labour market problems in the country of origin without creating new labour market problems in the host country at the same time.

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See appendix.

1.1.4 Further steps need to be taken to promote the mobility of Union citizens. The ESC takes the view that the fundamental right to work, recently adopted by the European Council, obliges Member States to pursue an active employment policy and also boosts employment opportunities by creating the conditions required for increasing the mobility of Union citizens. The ESC therefore welcomes measures to promote mobility which are of a voluntary nature for Union citizens or are designed to remove state obstacles to freedom of movement.

1.1.5 Workers going to work temporarily in another EU Member State take their culture, knowledge and experience with them to their new country of residence and broaden their horizons during their stay, to the benefit of both countries. As a result, the workers themselves and the other people with whom they come into contact both in their home countries and in the host countries no longer perceive Europe as an abstract concept but rather as something tangible. The way in which freedom of movement is organised in practical terms will, however, also determine whether these experiences are seen as being positive or negative.

1.1.6 Exploitation of the right of freedom of movement has up to now not had a disruptive effect on the wage-bargaining and welfare structures of the host countries. This contrasts with the frequent abuse of the freedom of establishment and the freedom to provide services by individuals masquerading as self-employed persons and by dishonest posting enterprises and labour-brokers, and also with the incidence of illegal employment. It is generally the case that persons making use of the right of freedom of movement are recruited on the same terms as nationals. The level of acceptance of this form of migrant work is accordingly high.

1.1.7 The Committee also stresses that certain reprehensible acts, referred to in the opinion, which have occurred in the Member States, possibly involving some employers, are fringe activities carried out by a small, criminal minority; they reflect neither the attitude nor the actions of the vast majority of employers or their organisations. The impact of such actions should not be over-stated and the misleading impression should not be created that they are commonplace.

1.2 Possible consequences of EU enlargement

1.2.1 The high level of acceptance of freedom of movement for workers could change as a result of EU enlargement, if this were to result in migratory movements being concentrated on a small number of sectors and particular Member States or if the continued existence of major discrepancies in wage levels² on both sides of the EU's current eastern borders (the difference can be as high as 1:11) were to result in large numbers of cross-border commuters. In view of the demographic trends in most of the present EU Member States, it is largely accepted that further immigration from both the applicant countries and non-EU countries will be required in the coming decades in order to meet the general need for labour within the present EU. This does not mean however that in individual cases increased immigration could give rise to or exacerbate specific problems in particular sectors and regions which

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The gross hourly wage for skilled workers in the manufacturing industry in west Germany is approximately DM 28.50. The corresponding rate for western Poland is DM 4.80 (six times lower), whilst for eastern Poland it is still only DM 2.70 (eleven times lower).

already have a high level of unemployment. The anxieties felt by people in these sectors and regions should not be dismissed and disregarded as an absurd fear of foreigners. To do so would give further encouragement to anti-European and xenophobic forces. Appropriate measures should rather be taken to prevent a concentration of immigration in these problematic regions and sectors, leading to social upheavals in the host countries.

1.2.2 The few studies available on this subject, such as the recently published studies by Boeri/Brücker³ (drawn up for the European Commission) and the German Economic Research Institute (DIW)⁴, nonetheless predict that the numbers of migrant workers entering the current territory of the EU (several hundred thousand per year initially following implementation of freedom of movement for workers) will be well below the figures frequently quoted in public discussions (in the millions in some cases).

1.2.3 These same studies take the view that if immigration is not controlled, it will be distributed unevenly between EU Member States and sectors and not evenly throughout the EU as a whole.

1.2.3.1 The Boeri/Brücker study states that 80% of the migrant workers from the CEEC are likely to seek work in neighbouring states such as Denmark, Sweden, Finland, Germany and Austria, where they will be employed above all in the construction sector, agriculture and forestry, basic services and catering. Whilst in some of these countries there is already high unemployment and an ongoing decline in the number of jobs, in the construction sector in particular, so that an influx of additional workers could have damaging consequences for both job-holders and job-seekers, in the other sectors referred to there is in some cases a lack of suitable local workers.

1.2.4 Social upheaval could be the result, particularly if the use of the right of freedom of movement by new EU citizens leads to an increase in the number of cross-border commuters. Bearing in mind the major discrepancies in wage levels (ranging from 1:4 to 1:11) and costs of living (1:4) on the two sides of the EU's current eastern borders, the introduction of full freedom of movement without any transition may put short-term strain on the labour markets of these border regions. Practical experience, both past and present, e.g. in respect of seasonal agricultural workers and workers posted for short periods, confirms that such phenomena may occur in cases where there are high wage differentials between workers' countries of residence and countries of employment. In the longer term, however, the opportunities presented to the border regions will outweigh these effects, as wage differentials of this kind will also provide an incentive for new investment.

³ **Boeri, Tito and Brücker, Herbert:** Study on the impact of the eastward enlargement of the EU on income and employment in the current EU Member States; study commissioned by the Directorate-General for Employment and Social Affairs of the European Commission and published on 23 May 2000; Berlin and Milan 2000.

⁴ **German Economic Research Institute (DIW) Weekly Report 21/2000:** Eastward enlargement of the EU: Mass immigration not expected; Berlin 2000. The study is divided into two parts. Part 1 summarises the DIW's findings on the expected extent of future immigration from the CEEC. Part 2 - prepared by the Institute for the Future of Work (IZA) - analyses the possible impact of immigration on wages and employment.

1.2.5 In the worst-case scenario, the immediate introduction - without any transitional period - of freedom of movement for cross-border commuters could thus have the effect of exerting downward pressure on the level of wages in the border region of the host country and bringing relative social hardship for workers. As a result of the squeeze on prices, employers who were ready to maintain wages at an adequate level would also encounter difficulties. Such a development would not only run counter to the objectives of the EU, as set out in Article 2 of the EC Treaty, but could also bring about considerable social tension, particularly in border regions, and encourage nationalist tendencies.

1.2.5.1 The Committee welcomes the planned EU aid measures for border regions designed to underpin structural change in these areas through the expansion of infrastructure, targeted training measures for workers and the promotion of small and medium-sized enterprises. In order to counteract the use of casual jobs as a means of "wage dumping", the key instrument is the Directive on the Posting of Workers. For this Directive to have a practical impact, effective surveillance is particularly important. Failing this, there will be serious risks of substantial cuts in wages in certain regions and sectors.

1.2.6 Freedom of movement provides highly-skilled workers from the applicant countries with the opportunity to make better use of their skills, as there is often a lack of suitable jobs in the applicant countries or at least a lack of jobs offering wages commensurate with skill levels. If these workers were to avail themselves of the freedom of movement in large numbers, this could result in a brain-drain, which would further exacerbate the economic imbalance between regions; i.e. less-developed regions would find themselves funding the training of workers whilst highly-developed regions could, in the short-term, benefit from these skilled workers and, as a result, might fail to pay adequate attention to training their own new generation of skilled workers. The only way to solve this problem in the medium-term is for countries which have a large demand for highly skilled workers to increase their efforts to provide the requisite training.

1.3 The provision of information - a key issue

1.3.1 Workers who are interested in finding employment in other Member States need to be provided with accurate, reliable information in their own language. They need to be protected against dishonest service-providers who peddle worthless information or useless services for a high price or place them in jobs where conditions are unfavourable.

1.3.1.1 Before workers set out to find jobs in other Member States, they need to be provided with detailed information on the conditions applying there in order to prevent dishonest labour-brokers, employers, emigrant-worker agencies, landlords, language schools etc. from taking advantage of their inexperience. Such information should cover, in particular: the local employment situation, the rules on working conditions set out in collective agreements, usual wage levels in particular areas, the level of rents, etc. This information should be provided by public bodies or non-profit organisations, such as trade unions, welfare associations or chambers of trade or industry.

1.3.1.2 The information required to enable workers to avail themselves of the right of freedom of movement should be made available via the European Employment Services (EURES) network⁵. The ESC would highlight the importance of this network and welcomes its establishment. As far back as 1997 the Report of the High Level Panel on Free Movement of People, chaired by **Mrs Simone Veil**, issued on 18 March 1997 ("Veil Report")⁶ criticised, albeit indirectly, the fact that this network was not well-known and ineffective. Although the situation has improved somewhat in the meantime, it is not yet satisfactory.

1.3.1.3 The EURES network regrettably remains unknown to many of the workers who are specifically interested in looking for work in other Member States, even though there has recently been a marked increase in the number of people accessing the website.

1.3.1.4 If the information currently provided by EURES on its web pages is representative of its work, it fails to provide jobseekers with an accurate insight into the situation in a chosen sector or at a chosen place of employment. Instead, EURES includes, for example, comparisons of national, inter-sectoral index-linked wage levels - which do not therefore have very much meaning - with reference to wage levels in, of all places, Zurich in Switzerland. The members of the ESC are unable, in their wildest imagination, to see how workers from EU Member States are able to derive the slightest benefit from these comparative figures when endeavouring to make a concrete appraisal of job offers.

1.3.1.5 There continues to be a clear discrepancy between the number of job vacancies in the Member States listed by EURES and the much higher number of vacancies on the files of the placement offices in the Member States. The ESC welcomes the discussions recently launched by the Commission with a view to ensuring that jobs listed in online databases in the Member States are also publicised on the EURES network. The ESC does, however, point out that the information currently contained on the EURES web pages with regard to job vacancies would, in many cases, not satisfy the requirements set out in point 1.3.1.1 above. The job offers usually do not even include details of working hours, wage levels or the exact place of employment or whether the work is temporary or permanent.

1.3.1.6 In the intervening period since the Veil Report was issued in 1997 there has regrettably only been a patchy improvement in cooperation between EURES and the social partners in the Member States.

1.3.1.7 The work of the EURES network is severely handicapped above all by the fact that EURES has only some 220 advisers, 90 of whom are voluntary with a full-time job elsewhere.

1.3.2 Trade unions, welfare bodies, trade associations and employers' organisations, in particular, are therefore continuing to provide the lion's share of advisory services and having to spend

⁵ The European Employment Services (EURES) network seeks to facilitate freedom of movement for workers in the 17 EEA states. Partners in the EURES network include public employment services, trade unions and employers' organisations. This partnership is coordinated by the European Commission.

⁶ Report of the High Level Panel, chaired by **Mrs Simone Veil**, on Free Movement of People (18 March 1997) ("Veil Report"). Available on Internet at http://europa.eu.int/Comm/internal_market/en/people/hlp/hlphmtl.htm, pages 25 et seq.

large amounts of their own money on this. Even in the EUR-15 it is hardly possible to fund this work. The addition of 12 further Member States and 12 further languages would definitively overstretch the staffing and funding resources of such associations, which are, in the main, financed by members' contributions.

1.3.3 The - generally underfunded - trade unions and associations in the applicant states would, without the strong support of the EU, be in even less of a position to provide budding migrant workers in their countries with advice or protect them against dishonest practices. The ESC would point out that the establishment and promotion of strong (i.e. efficient and adequately funded) trade unions and employers' associations in the applicant states is also essential if the freedoms offered by the single market are to be realised, and that the Commission must play an active part in preparing the ground here.

2. Need for a new opinion

2.1 This own-initiative opinion follows on from earlier opinions issued by the Economic and Social Committee⁷. It carries forward and expands upon these earlier opinions since, though some of the demands made by the ESC have been implemented by the EU bodies, a number of the issues raised in the previous opinions have yet to be resolved and not all of the requests made by the ESC have been met.

2.2 Union citizens who have exercised their fundamental right of freedom of movement are still being treated less favourably in many fields than citizens of the host country.

2.2.1 A number of examples are set out below from the rapporteur's home country of Germany. Similar examples could also be provided from most other EU Member States.

2.2.1.1 Citizens of other EU Member States have to pay higher fines than German citizens for failing to carry their identity cards.

2.2.1.2 Particularly in the case of persons applying for income support, the authorities are keen to invoke formalities which have fallen into disuse in order to find a way to expel them. Only recently - on 16 October 2000 - the German press reported the case of an Italian applicant for income support in Baden-Württemberg who was to be expelled after living in Germany for 41 years because he had failed to apply in good time for a permanent residence permit. This permit should, however, have long been issued automatically to him without his having to make a special application. The lack of such a permit should also not have led to expulsion as it is not vital to the right of residence. This would not appear to be an isolated case, as workers with insufficient income are regularly expelled - particularly from Baden-Württemberg - when they apply for income support if they failed to apply for permanent right of

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ESC opinion on the *Proposal for a Regulation (EC) of the European Parliament and the Council amending Council Regulation (EEC) No. 1612/68 on freedom of movement of workers within the Community* (OJ C 169 of 16.6.1999, page 24), ESC opinion on the *Communication from the Commission on an action plan for free movement of workers* (OJ C 235 of 27.7.1998, page 82) and the ESC opinion on the *Proposal for a Council Directive on the right of third-country nationals to travel in the Community* (OJ C 153 of 28.5.1996, page 38).

residence at a time when their personal circumstances were more favourable. Pensioners, too, run into problems with the German authorities responsible for foreigners if, for example, they have resided for more than two years in their home country and then wish to return to Germany.

2.2.1.3 Even after persons have returned home from the country where they worked, problems still often occur as a result of differences in social security systems. Pensioners returning to live in Portugal, for example, and therefore having to leave the German sickness insurance scheme can no longer be insured on a voluntary basis under the German nursing care insurance scheme, despite the fact that this form of social insurance is not available in Portugal, as persons can only contribute on a voluntary basis to the nursing care insurance scheme if they pay into a sickness insurance scheme in Germany.

2.2.1.4 A series of tax discriminations also continue to apply. For example, the tax allowances for children entitled to maintenance are normally included on a worker's wage slip in Germany, but for workers from another Member State with children still living in that Member State, these allowances cannot be claimed until later. As a result, more tax is deducted initially and can only be reimbursed at the end of the calendar year.

2.2.2 Disabled Union citizens seeking to exercise their right of freedom of movement also face considerable difficulties if they are so severely disabled that they are dependent on supplementary income support to lead a normal life. The authorities frequently use "dependence on income support" - irrespective of the cause of such dependence - as a general excuse for refusing residence applications. Although the Community has on the whole not sought to harmonise provisions in this difficult area of the law so far, the ESC thinks that, at least in the case of disabled persons, dependence on supplementary income support must no longer constitute a legitimate reason for refusing residence applications.

2.2.3 When taking up public service employment in a different Member State, Union citizens continue to be discriminated against in many cases over the recognition of periods of comparable employment - and therefore with regard to the income bracket in which they are placed and promotion. In the private sector, too, previous periods of employment and vocational training courses completed in a workers' country of origin are not always recognised. As a rule, collective wage agreements make no provisions to this effect, with the result that the granting of such recognition frequently depends on whether or not individual agreements are reached between employers and workers.

2.2.4 In the case of school children, persons undergoing vocational training and students who move to a different Member State before concluding their education or training, it frequently happens that recognition is not given to periods of education already completed and the knowledge thereby acquired. As a result parts of their education become devalued and the remaining period of education or training is unnecessarily prolonged. Existing rules governing recognition mainly cover completed courses of education or training and to a large extent do not take account of the problems of children moving home with their parents.

2.2.5 The action plan drawn up by the EU Ministers of Education⁸ pinpointed a series of further problems in the field of education and training which should, the ESC believes, be addressed without delay.

2.2.6 Non-EU citizens legally resident in an EU Member State (e.g. as workers or the spouses of EU citizens) already have to contend with a great variety of problems; these problems are drastically exacerbated when the persons involved move to another EU Member State. Although the problems with non-EU nationals posted to a Member State by enterprises from another Member State are close to being solved, many problems affecting freedom of movement for workers remain unresolved. Workers legally resident in a Member State frequently find themselves nonetheless denied access to particular jobs which are reserved for citizens of the host country and other EU Member States. Consideration of all the problems facing non-EU citizens would go beyond the scope of this opinion. The ESC would however point out that the problems arising in this connection must be resolved through closer coordination of migration policy by the EU. If immigration of non-EU citizens into individual EU Member States is regarded as a common policy area for the EU, it then inevitably follows that the problems arising for the persons concerned will also have to be tackled on an EU-wide basis. The aim must be to enable legal immigrants to benefit, on an equal footing, from the freedoms available in the EU.

2.2.7 There are a number of problems standing in the way of achievement of true freedom of movement for workers; one of the problems which has been discussed for the longest time and caused the greatest difficulty is the earning of rights in another country and the possibility of transferring the earned rights under different collective pension schemes, including supplementary pensions. Solutions must again be sought to this problem, both as regards freedom of movement among the existing fifteen Member States and to ensure such mobility for the applicant countries, too.

2.3 The impending enlargement of the EU also prompts the ESC to reiterate its call to the EU bodies to address issues and problems arising in connection with cross-border migrant workers and freedom of movement as a matter of priority and to put forward solutions as soon as possible.

3. Urgent nature of the opinion

3.1 In view of the large-scale EU enlargement planned for the near future and the structural differences between the existing EU Member States and the applicant states, increased use will be made of the right to free movement and the right to take up employment as a migrant worker in whatever way.

3.2 Even today in the EU-15 there are still a number of unsolved problems with regard to social security, taxation, discrimination, the recognition of training and service periods and qualifications and cooperation between the social, legal and police authorities in the Member States.

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Press release: 12928/00 (Press 420), dated 9.11.2000.

3.3 Tax legislation poses problems, in particular, for people going to work abroad and leaving their families at home. Such workers are often treated differently to nationals of the country where they work. This discrimination ranges from non-recognition of a second place of residence to failure to take account of children.

3.4 Despite the fact that EU provisions have long existed in the field of social security (such as Regulation 1408/71/EEC⁹), the different types of systems mean that there are still a number of unsolved problems affecting workers wishing to make use of the right to free movement and members of their family staying in their country of origin; the field in which such problems occur is sickness insurance. Although the Regulation has generally proved its worth, problems do arise in particular in cases where tax-funded schemes and schemes funded by contributions are jointly involved. Problems also occur, particularly for pensioners, in cases where given social security benefits are not available in their country of origin.

3.5 The problems already existing in the EU in its current form, as a result of the difficulty in bringing 15 different social security and taxation systems into line with each other, will be exacerbated by the accession of the applicant states.

3.6 The problems raised in the 1997 Veil Report and in the ESC opinions have only been partially solved. It is vital to rectify the unsolved problems, with a view to - and prior to - the accession of the applicant states, since it is likely to be much more difficult to find solutions subsequently. It is also in the interests of the people concerned in the applicant states that reliable and practicable rules exist and advisory and information facilities are in place prior to the introduction of freedom of movement. The applicant states themselves will also be spared needless expenditure if the necessary changes are made to the existing body of EU legislation before their accession.

3.7 Although the single market as an economic entity has been virtually completed in many areas, much ground still has to be made up as regards the combating of abuse. The wars being waged against illegal employment, social security benefit fraud, evasion of income tax and social security contributions and illegal practices relating, in particular, to the posting of workers make this abundantly clear.

3.7.1 It is virtually impossible for the courts and prosecuting authorities in the host country to enforce civil-law judgements and impose fines on labour-brokers or posting enterprises in a worker's country of origin who have been found guilty of acting illegally. This is because of the lack of EU provisions. It is thus generally impossible to obtain reliable data on enterprises in a worker's country of origin and the social security contributions actually paid since there is no European business register or joint European database for social security organisations.

3.7.2 Workers recruited by dishonest employers or placement bodies to work in other Member States find it virtually impossible to claim their entitlements. This applies particularly in cases where workers are unable to find subsequent employment and join a trade union in the host country.

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OJ L 149 of 5.7.1971, page 2.

Language barriers and difficulties encountered in continuing to pursue legal action once workers have returned to their country of origin help to prevent such fraudulent practices from being stamped out. A further contributory factor is the lack of cooperation between police authorities and the lack of reciprocal recognition of judgements and fines. Organised crime is exploiting these shortcomings more and more frequently. A solution needs to be found as a matter of urgency. Consideration should be given to establishing a European body to help workers claim their entitlements.

4. Conclusions - need for regulation

4.1 Framework conditions

4.1.1 Immigration - a joint task for all Member States

4.1.1.1 The ESC thinks that immigration has already become an issue which can only be tackled jointly. EU-wide freedom of movement for non-EU nationals who have been legally resident in one Member State and the labour-market disruptions caused by illegal immigration into a Member State (e.g. Mediterranean states or states along the EU's present eastern border) are ultimately matters of common concern to all the Member States. There is therefore an urgent need to step up the coordination of immigration policy.

4.1.2 Freedom of movement in the enlarged EU

4.1.2.1 The aim is to establish complete freedom of movement for workers, without any discrimination, in the enlarged EU. In order to ensure continued acceptance of freedom of movement for workers, even after EU enlargement, measures will need to be taken to organise the expected migratory movements in terms of timing and the regions and sectors to be included. Steps must be taken to ensure that the migration potential in the applicants states is not concentrated on a small number of neighbouring EU Member States.

4.1.2.2 Complete freedom of movement for workers in regions situated on the EU's present external frontiers, in particular, must not be introduced without a transitional period in order to avoid the possibility of local economic and social upheaval. Given the particularly large discrepancies in purchasing power and wage levels, there is a very considerable danger that cross-border commuters from the applicant states will accept wages which would not provide them with a living wage if they lived at their place of work; this will put local workers out of a job and distort competition between enterprises, which could, in turn, make freedom of movement for workers no longer acceptable.

4.1.2.3 Generally speaking, however, the EU must not allow its actions to be dictated by a defensive strategy, if we are to achieve dynamic economic development in the applicant states. Insofar as interim measures to curtail freedom of movement for workers and freedom to provide services are deemed necessary, the following approach should be adopted: the deadlines set should differentiate between different regions and sectors; criteria should be set out providing for a regular review of the situation and appeal clauses should be agreed upon, with a view to ensuring flexibility in the implementation of the measures.

4.1.3 Comparability and availability of the data held by social security bodies

4.1.3.1 The ESC proposes that consideration be given to the establishment, in the long term, of a joint database for social security bodies at EU level in order to (a) help workers document their employment and contribution periods, (b) clamp down on illegal practices, and (c) facilitate the work of the welfare and inspection authorities. The proposed database should cover employment data, contributions paid and benefits drawn. Attention should be paid to the need to ensure data protection in this context.

4.1.3.2 The ESC recognises that it would not be possible to set up such a joint database in the short term in view of the costs and the different types of systems. Steps should, however, be taken to move towards this goal. As an interim measure, a machine-readable social security card, conforming to a uniform EU pattern and containing these data, should first be introduced¹⁰.

4.1.4 Making data from national business registers available

4.1.4.1 Although the single market has been almost fully established, job-seekers, inspection bodies, labour-brokers, legal representatives, business partners, customers and the courts have so far only been able with difficulty, and at the cost of much time and considerable expense, to obtain reliable information on the registered office, the registered owner and the current status (whether they are still listed or whether they are already in receivership) of enterprises in other Member States. A small minority of dishonest enterprises are exploiting these shortcomings in a large variety of ways, e.g. for the fraudulent recruitment of workers.

4.1.4.2 The ESC therefore proposes, as an interim measure, that EU-wide rules be adopted on (a) the minimum data to be collected when businesses are registered by the Member States and (b) the exchange and release of such data when required by other Member States. In the long term, consideration should also be given to linking national business registers to form a publicly accessible European database.

4.1.5 Improving the advisory services provided for emigrants and immigrants

4.1.5.1 A uniform certification scheme should be introduced throughout the EU for reputable providers of advisory services to Union citizens wishing to migrate and providers of special services, such as cross-border placements. The aim should be to exclude untrustworthy service-providers lacking the requisite specialised knowledge and to shield Union citizens from operators charging high fees for services provided free or for a small fee by public bodies or non-profit organisations. The ESC therefore proposes the introduction of a Directive stipulating that such services may only be provided by accredited non-profit organisations or public bodies. At the very least there should be an EU-wide ban -

¹⁰ Cf. also the similar proposal put forward for consideration in the Veil Report that the computerised cards issued by the respective national social security bodies be made readable in all Member States (loc. cit. p. 53).

obtained by transposing the relevant ILO rules into EU law - on the charging of placement fees to workers by private service-providers.

4.1.5.2 The ESC urges the Commission to play an even more active role in the establishment and promotion of an advisory and support network for migrants to supplement EURES. The ESC welcomes the fact that the EU is already providing considerable funding in this area, but sees a need for additional funding, particularly in the context of EU enlargement. Providing know-how and the information actually required for the advisory and support services is just as important as the funding itself.

4.1.5.3 The aim must be to achieve closer interplay between the work of public advisory and placement bodies, trade unions, welfare associations, chambers of trade and industry and other non-profit organisations. Since the work of NGOs in this field actually constitutes a public service, it should be subsidised. In particular, financial assistance should be provided by the EU and national administrations for the appointment of special advisors and for the production, translation and distribution of information material.

4.1.6 Improvements to EURES

There is still a need for substantial improvements to the publicity given to the work of EURES and its level of professionalism. The ESC would expressly refer in this context to proposals to this end made in the Veil Report and would welcome an even more dynamic publicity and information campaign.

4.1.6.1 The information provided by EURES needs to be considerably enhanced and made more readily accessible. When vacancies are publicised via EURES, concise information should be provided about the wages, whether or not the post is temporary, working hours, place of employment and any requirements as regards languages and qualifications.

4.1.6.2 EURES should seek to cooperate still closer with the social partners, particularly at national and sectoral level, in order to obtain the up-to-date information required and provide persons seeking information with the most accurate possible picture of requirements and living and working conditions in other EU Member States.

4.1.6.3 Under Directive 1612/68, at least all vacancies for long-term posts or posts of unlimited duration held by national placement services and available online should also be published, as a matter of course, by EURES. The ESC welcomes the fact that the Commission has recently started to try to achieve this goal.

4.1.7 Making penalties and fines more readily enforceable

Steps should be taken to ensure the enforcement throughout the EU of, in particular, penalties and fines imposed on employers for failing to meet their legal obligations in respect of, for example, payment of the minimum wage and social insurance contributions. The aim of such measures

is to make it possible to take effective action against dishonest employers, particularly those engaged in the posting of workers. The ESC proposes that a Directive be adopted on this matter to replace the few existing bilateral agreements.

4.2 Other proposed measures

4.2.1 The ESC proposes that the Commission keep its Single Market Observatory (SMO) regularly briefed on the following subjects and activities:

- coordination of the work of public bodies, EURES and non-profit organisations;
- licensing of non-profit organisations providing advisory services to migrants;
- coordination of material and financial aid for advisory networks;
- analyses and statistics covering freedom of movement;
- assistance for the Member States and the social partners on all matters relating to freedom of movement.

4.2.2 Discontinuation of the practice of refusing residence to disabled persons requiring income support and to long-term non-national legal residents

The ESC proposes the addition of the following provisions to the relevant Directives:

- the submission of applications for income support by long-term non-national residents may no longer be used by Member State authorities as grounds for terminating their residence;
- disabled persons' supplementary income support needs may no longer be used by Member State authorities as grounds for refusing residence.

4.2.3 Automatic issue of a permanent residence permit to long-term legal residents

The ESC proposes that the existing rules be amended to stipulate that workers and their families who are legally resident in another Member State are to be automatically issued with a permanent residence permit after no more than five years without having to apply for one.

4.2.4 Establishing best practice

In certain cases, solutions to some of the problems linked to the free movement of workers has been found at decentralised levels. The PRISM-database of the Economic and Social Committee's Single Market Observatory lists some of these solutions, for instance the Euregio initiative, defending employees' rights in the region through a collaboration of trade unions in Belgium, the Netherlands and Germany, or the voluntary agreement on Social Security Contributions, organising holiday payments for the temporary labour force moving from Germany to France and vice versa by creating a simple administration system. A systematic listing of such initiatives may be able to solve some of the outstanding problems in the field.

Brussels, 28 March 2001.

The President
of the
Economic and Social Committee

The Secretary-General
of the
Economic and Social Committee

Göke Frerichs

Patrick Venturini

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N.B.: Appendix overleaf.

APPENDIX

1. Percentage of the population (aged between 15 and 64) in gainful employment

	1999	1998	1997	1996	1995
EU15	68.6 %	68.0 %	67.5 %	67.3 %	67.7 %
B	64.6 %	63.2 %	62.6 %	62.2 %	62.1 %
DK	80.6 %	79.3 %	79.8 %	79.5 %	79.5 %
D	71.2 %	70.7 %	70.6 %	70.4 %	70.5 %
EL	62.9 %	62.5 %	60.8 %	61.0 %	60.1 %
E	62.1 %	61.3 %	60.8 %	60.0 %	59.5 %
F	68.8 %	68.2 %	68.0 %	68.2 %	67.6 %
IRL	66.4 %	64.7 %	62.9 %	62.3 %	61.6 %
I	59.6 %	59.0 %	57.7 %	57.7 %	57.3 %
L	63.2 %	62.1 %	61.4 %	61.2 %	60.4 %
NL	73.6 %	72.6 %	71.5 %	69.9 %	69.2 %
A	71.6 %	71.3 %	70.8 %	71.1 %	71.5 %
P	70.9 %	70.3 %	68.2 %	67.5 %	67.4 %
FIN	76.4 %	73.1 %	72.8 %	71.7 %	72.1 %
S	76.5 %	75.5 %	76.4 %	77.1 %	80.1 %
UK	75.2 %	74.9 %	75.1 %	74.9 %	74.7 %

2. Percentage of (1) above represented by nationals of the Member State

	1999	1998	1997	1996	1995
EU15	65.3 %	64.7 %	64.3 %	64.1 %	64.5 %
B	58.9 %	58.1 %	57.7 %	57.1 %	57.2 %
DK	78.6 %	77.2 %	77.8 %	77.7 %	78.0 %
D	64.9 %	64.6 %	64.4 %	64.1 %	64.1 %
EL	60.5 %	60.1 %	59.5 %	59.9 %	59.1 %
E	61.4 %	60.7 %	60.3 %	59.5 %	59.0 %
F	64.5 %	64.0 %	63.8 %	63.9 %	63.3 %
IRL	64.1 %	62.6 %	60.7 %	60.1 %	59.7 %
I	59.0 %	58.5 %	57.4 %	57.4 %	57.0 %
L	36.8 %	36.5 %	36.4 %	36.7 %	36.7 %
NL	71.1 %	70.0 %	68.9 %	67.3 %	66.5 %

A	64.7 %	64.2 %	63.6 %	64.1 %	64.6 %
P	68.9 %	69.3 %	67.5 %	66.7 %	66.8 %
FIN	75.5 %	72.3 %	72.1 %	71.1 %	71.6 %
S	73.3 %	72.2 %	72.9 %	75.5 %	76.8 %
UK	72.3 %	71.8 %	72.2 %	72.2 %	72.0 %

3. Percentage of (1) above represented by nationals of another EU Member State

	1999	1998	1997	1996	1995
EU15	1.3 %	1.3 %	1.3 %	1.2 %	1.2 %
B	4.1 %	3.7 %	3.7 %	3.8 %	3.4 %
DK	0.8 %	0.7 %	0.7 %	0.7 %	0.7 %
D	2.2 %	2.2 %	2.2 %	2.2 %	2.0 %
EL	0.2 %	0.2 %	0.1 %	0.1 %	0.1 %
E	0.2 %	0.3 %	0.2 %	0.2 %	0.2 %
F	1.7 %	1.7 %	1.8 %	1.7 %	1.7 %
IRL	1.8 %	1.7 %	1.9 %	1.8 %	1.5 %
I	0.1 %	0.1 %	0.1 %	0.0 %	0.1 %
L	23.9 %	22.7 %	22.9 %	21.9 %	21.8 %
NL	1.3 %	1.1 %	1.3 %	1.3 %	1.2 %
A	1.2 %	1.2 %	1.0 %	0.9 %	0.8 %
P	0.3 %	0.3 %	0.1 %	0.1 %	0.2 %
FIN	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %
S	1.4 %	1.4 %	1.6 %	1.6 %	1.7 %
UK	1.3 %	1.3 %	1.3 %	1.2 %	1.2 %

4. Percentage of (1) above represented by non-EU nationals

	1999	1998	1997	1996	1995
EU15	2.0 %	2.0 %	1.9 %	1.9 %	2.0 %
B	1.6 %	1.4 %	1.2 %	1.3 %	1.5 %
DK	1.2 %	1.5 %	1.3 %	1.1 %	0.9 %
D	4.1 %	3.9 %	4.0 %	4.1 %	4.4 %
EL	2.3 %	2.2 %	1.2 %	1.0 %	0.9 %
E	0.5 %	0.4 %	0.3 %	0.3 %	0.3 %

F	2.5 %	2.5 %	2.4 %	2.7 %	2.5 %
IRL	0.5 %	0.4 %	0.3 %	0.5 %	0.4 %
I	0.5 %	0.4 %	0.3 %	0.2 %	0.2 %
L	2.5 %	2.5 %	2.1 %	2.5 %	1.8 %
NL	1.2 %	1.4 %	1.3 %	1.4 %	1.5 %
A	5.7 %	5.9 %	6.2 %	6.1 %	6.1 %
P	0.7 %	0.7 %	0.6 %	0.7 %	0.5 %
FIN	0.7 %	0.6 %	0.6 %	0.5 %	0.4 %
S	1.7 %	1.9 %	1.8 %	NA	1.7 %
UK	1.6 %	1.8 %	1.6 %	1.5 %	1.5 %

Source: EUROSTAT 2000
