

*Draft Paper*

**Global Europe: new challenges for trade unions  
in a globalising world**

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*Neoliberal globalisation is rapidly changing the balance of forces between capital and labour. Where capital has already transnationalised and is increasingly setting the rules of the game in global markets, labour is still struggling to find a response. Europe's new aggressive – 'activist' in EU speak – external market access agenda, which also extends to internal market reforms in the interest of competitiveness, poses new threats to the position of workers in the North and in the South and provides a new urgency for the trade union movement to transnationally join forces in the quest for responses.*

Over the past decades, transnational industry has successfully used its growing global reach and market power to influence political agenda's of public authorities world-wide to promote a neoliberal agenda for liberalisation, deregulation and privatisation across the board – at the expense of labour rights, social and environmental protection.

The World Trade Organisation's agenda for trade liberalisation for years has come under scrutiny from civil society for furthering the interests of big business. Yet the WTO has dubbed the present round of trade liberalisation talks the 'Doha Development Round', cynically advancing its corporate trade agenda as pro-poor.

The EU agenda for the free trade agreement (FTA) negotiations which, in the absence of sufficient progress in the WTO negotiations, it has recently launched with Central America, the Andean countries, India, South Korea and the countries of the Association of Southeast Asian Nations (ASEAN), is taking the WTO agenda one step further. The draft mandates for these negotiations table liberalisation of investment, competition policy and government procurement. These so-called Singapore Issues – which were firmly rejected by developing countries at the WTO as being primarily in the interest of advanced countries – aim to maximise and guarantee market access for foreign investors, transnational corporations and their products, while simultaneously reducing host governments' rights to regulate and prohibiting measures aimed at supporting local enterprise or nurturing emerging domestic industries to become internationally competitive. At the same time, it is clear that many local businesses will not be able to withstand open international competition, and millions of jobs may be at stake.

The European Union's agenda for the FTAs is based on the principles for the EU's revised trade strategy, published by the European Commission in October 2006, in a document called 'Global Europe – Competing in the World'.<sup>1</sup> 'Global Europe' is part of the EU's approach to shape and respond to globalisation. It must be read as the external chapter of the EU's Lisbon Agenda for Growth and Jobs, that was first introduced at the Lisbon Summit in 2000 (hence the name) and revised and revitalised in 2005. The overriding objective of the Lisbon strategy is to create a more dynamic business environment and enhance Europe's competitive position as a global player.

'Global Europe' puts forward an aggressive external market access programme that clearly bears the stamp of European business. European industry enjoys privileged

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<sup>1</sup> On the Global Europe publication, the Seattle to Brussels Network - a network of 70 European organisations campaigning to promote a sustainable, socially and democratically accountable system of trade ([www.s2bnetwork.org](http://www.s2bnetwork.org)), writes: "Since the official communication of 4 October is meant for public consumption, the most worrying content has been filtered out. If one wishes to understand the EU's true priorities and intentions, one needs to consult the blunt draft version prepared earlier by the Directorate General Trade of the Commission (DG Trade) – this paper was kept secret by the Commission, but was leaked to the public and is available at [http://www.s2bnetwork.org/download/globaleurope\\_draft](http://www.s2bnetwork.org/download/globaleurope_draft). The EU's priorities are still included in the public attachment to the official communication that is available from the Commission's website: [http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc\\_130370.pdf](http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130370.pdf)". From: Seattle to Brussels Network, 'The new Global Europe strategy of the EU: Serving Corporations worldwide and at home – A wake-up call to civil society and trade unions in Europe and elsewhere, November 2006, at: [http://www.bilaterals.org/article.php3?id\\_article=6611](http://www.bilaterals.org/article.php3?id_article=6611) (accessed 20 January 2008).

access to EU decision-making circles and is consulted on a regular basis in all policy-making processes relating to trade and competition.<sup>2</sup> It is a public secret that Europe's Single Market was to a large extent designed according to the wishes of the European Round Table of Industrialists. The European Services Forum (ESF), a platform of the European services sectors and responsible for the design of the controversial European Services Directive, was formed at the express invitation of the European Commission to provide the services perspective in European policy formation.<sup>3</sup>

In a break away from the development rhetoric used at the WTO, in its bilateral trade framework the EU now promotes an 'activist' approach to obtaining new market opportunities for European exporters, and focuses strongly on the non-tariff barriers that prevent EU firms from entering key markets, as well as on improved access to natural resources; enhanced opportunities for permanent establishment; liberalisation of government procurement markets; and more stringent intellectual property protection. In the words of EU Trade Commissioner Peter Mandelson, it is imperative that the EU should take "a proactive and hardheaded approach to market access problems for European businesses abroad because Europe's export competitiveness depends on fair access to foreign markets."<sup>4</sup>

Despite this obvious self-interest, Mandelson continues to promote the EU trade agenda as development-friendly by reiterating the mantra that 'open trade is in fact the single most effective tool for ending poverty and achieving sustainable development'.<sup>5</sup> The European Trade Union Confederation (ETUC), however, has condemned the reorientation of European trade policy as "an extremely aggressive liberalisation agenda in the developing countries, without consideration for possible social and ecological implications" and accuses the EU of 'mercantilism'.<sup>6</sup>

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<sup>2</sup> See, for example, Vander Stichele, Bizarri and Plank. Corporate Power over EU Trade Policy: Good for Business, bad for the World, Seattle to Brussels Network, 2006. At:

[http://www.foeeurope.org/publications/2006/Corporate\\_power\\_over\\_EU\\_Trade\\_policy\\_Sept\\_2006.pdf](http://www.foeeurope.org/publications/2006/Corporate_power_over_EU_Trade_policy_Sept_2006.pdf)

<sup>3</sup> 'Revolving Doors: Former Trade Commissioner Now Lobbies for Services Industry', Corporate Europe Issue 8. At: <http://www.corporateeurope.org/observer8/brittan.html> (accessed 6 March 2008).

<sup>4</sup> 'Europe and the world in 2008', speech by Peter Mandelson at the University of Ljubljana, Ljubljana, Slovenia, 12 December 2007

<sup>5</sup> 'The EU and America in the World Economy', Speech by Peter Mandelson at the German Marshall Fund, Washington DC, USA, 17 June 2005.

<sup>6</sup> 'On the Communication "Global Europe: competing in the world"', resolution adopted by the ETUC Executive Committee in their meeting held in Brussels on 07-08 December 2006. At: <http://www.etuc.org/a/3390> (accessed 19 January 2008).

Mandelson's mantra is based on the premise that liberalisation leads to enhanced economic growth and thus to poverty reduction. Apart from the fact that economic growth is increasingly limited by ecological constraints, it has also proved to be an inefficient strategy for eradicating poverty. Research by the New Economic Foundation has shown that to achieve a single dollar of poverty reduction, \$166 of extra global production and consumption is needed, with enormous environmental impacts which counter-productively hurt the poorest most.<sup>7</sup> And a direct negative correlation between trade liberalisation and negative growth (i.e. an exacerbation of poverty) was found for sub-Saharan Africa in the 1990s.<sup>8</sup>

But the EU's revised trade policy not only carries severe implications for the global South. The Global Europe communication openly links external liberalisation with internal reform, from the perspective that 'globalisation removes the distinction between what we do at home and what we do abroad'.<sup>9</sup> Global Europe therefore recommends a two-pronged approach, where Europe's internal policies must take into account their effects on Europe's external competitiveness. To allow rapid market penetration by EU transnational corporations, the EU is demanding liberalisation of trade-restrictive rules and regulations both abroad and at home, as well as regulatory harmonisation with its main trading partners. In openly making explicit the direct links between the EU's internal reform and its external objective, the Global Europe document is unique. The EU's rationale is: "If the EU makes the right economic reforms now, it can secure a prosperous, fair and environmentally sustainable future for Europe. It can ensure that our economies are well positioned to take advantage of the opportunities offered by globalisation."<sup>10</sup> This quote states what we all want: a fair and environmentally sustainable future for Europe. The question we have to ask ourselves is whether what Europe puts forward as "the right economic reforms" are in fact contributing to this objective, both in Europe itself and in its relations with the rest of the world.

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<sup>7</sup> David Woodward and Andrew Simms., *Growth isn't working; The unbalanced distribution of benefits and costs from economic growth*, New Economics Foundation, 2006. At: <http://www.neweconomics.org/gen/uploads/hrfu5w555mzd3f55m2vqwt502022006112929.pdf> (accessed 19 January 2008.)

<sup>8</sup> The Economics of Failure - The real cost of 'free' trade for poor countries, Christian Aid Briefing Paper, June 2005.

<sup>9</sup> 'Europe Competing in the World' – Speech by Peter Mandelson at the Churchill Lecture, Federal Foreign Office, Berlin, 18 September 2006.

<sup>10</sup> [http://ec.europa.eu/growthandjobs/index\\_en.htm](http://ec.europa.eu/growthandjobs/index_en.htm)

The EU's aggressive drive for market access and free trade is reinforcing the perverse dynamics of the neoliberal economic model, which has proved a major threat to social and environmental rights and standards world-wide. What looms in continuing down this path, is not just the treading on rights and standards in the global South, but also the erosion of Europe's social model.

In addition to the completion of the EU's internal market, Global Europe identifies the dismantling of regulation to make it less trade restrictive, and harmonisation of European standards with those of its main trading partners as key instruments to strengthen the EU's position as a global player and to reinforce the position of its corporate industry. In recent speeches, Mandelson has indicated his ambition for convergence with the US system, which traditionally strongly prioritises corporate interests over labour rights, social provisions and environmental standards.<sup>11</sup> To make the EU's regulatory environment more business-friendly, the EU also advocates consultation, prior information and opportunities to comment on new regulation for corporate industry both from in and outside the EU.<sup>12</sup> The EU is clearly set for a course which puts competitiveness and the maximisation of global market share for EU transnational corporations first, at the expense of social and environmental standards, rights and provisions. A downward spiral, entailing a severe downgrading of hard-won European standards and regulations, is being set in motion.

Erosion of standards accelerated when the expansion of the European Union with the countries of Eastern Europe brought the effects of globalisation much closer to home. Suddenly the 'old' Member States faced competition in the internal market from countries with much lower standards in terms of wages, labour standards,

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<sup>11</sup> For example: 'Europe competing in the world', speech by Peter Mandelson at the Churchill Lecture, Federal Foreign Office, Berlin, 18 September 2006. At: [http://ec.europa.eu/commission\\_barroso/mandelson/speeches\\_articles/sppm114\\_en.htm](http://ec.europa.eu/commission_barroso/mandelson/speeches_articles/sppm114_en.htm) (accessed 6 March 2008).

<sup>12</sup> See for example, the leaked draft mandate for the EU-ASEAN FTA, which states:  
*'The Agreement will include provisions regarding:*  
*- The commitment to consult stakeholders in advance of the introduction of regulations with an impact on trade;*  
*- The publication of, and public consultations on, all general rules with an impact on international trade in goods and services;'*

At: [http://www.bilaterals.org/article.php?id\\_article=8211](http://www.bilaterals.org/article.php?id_article=8211) (accessed 6 March 2008).

The draft mandates for EU FTA negotiations with Central America and the Andean countries contain similar clauses. At respectively: <http://www.bilaterals.org/IMG/pdf/EUCentralAmerica.pdf>;  
<http://www.lasc.ie/issues/water/EUCAN%20Trade%20negociations.draft.pdf>

environmental protection, social security, etc., with downward pressure on EU wages and social arrangements as a result.

In 2004, the EU sought to complete the internal market for services by introducing a directive which instantly gained notoriety as the 'Bolkestein Directive' - after the EU Commissioner who designed it. The Bolkestein Directive was set to allow the free provision of services under the so-called 'country of origin' principle, which would allow service providers to operate across internal EU borders applying the labour standards and the environmental, health and safety regulations of their home countries, even when hiring staff in host countries. Enraged protests from civil society that this would lead to social dumping were vehemently denied by EU officials and national authorities.

But unfortunately, these critics were recently vindicated when the European Court of Justice ruled in the Vaxholm and Viking Linie cases. The Vaxholm case involved a conflict between a Latvian construction company which was hired to build a school in the Swedish city of Vaxholm. This company, Laval, refused to sign the Swedish collective agreement on wages and conditions for the construction sector, claiming it was working under a Latvian agreement – which brought the company head to head with the Swedish construction trade union.

In the Viking Linie case, trade unions undertook cross-border collective action when the Finnish ferry operator Viking sought to reflag one of its vessels to Estonia, in order to be able to hire cheaper workers from a country with fewer labour rights. Prior to the European Court of Justice's ruling on the Vaxholm case, EU Internal Market Commissioner Charley McCreevy said he would speak out against Scandinavian style collective wage agreements, saying they breach EU laws on free movement.<sup>13</sup>

The Court ruled that the unions' blockade of Laval was not illegal per se, but added that in the absence of national standards – Swedish minimum standards are not set by the state but through collective bargaining - such action was not acceptable if designed to impose terms more generous than those protected under EU

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<sup>13</sup> 'McCreevey locks horns with Swedish trade unions', EU Observer, 6 October 2005. At: [http://www.grondweteuropa.nl/9326000/1f/j4nvgjok6iwsea9\\_j9vvgjnazrhmix9/vh4hb3bte7vv?nctx=vgaxlcr1jzkj&ntop=39](http://www.grondweteuropa.nl/9326000/1f/j4nvgjok6iwsea9_j9vvgjnazrhmix9/vh4hb3bte7vv?nctx=vgaxlcr1jzkj&ntop=39)

legislation.<sup>14</sup> It looks as if above-minimum social arrangements are under threat from the employers' right to freedom of establishment, with adherence to EU regulations regarding minimum employment conditions in the host member states the only requirement for foreign service providers. The ETUC is still studying the implications of the Court's ruling for unions' ability to promote equal treatment and protection of workers regardless of nationality and the concern that unions' ability to guarantee these objectives is threatened by the free movement of services principle.<sup>15</sup>

The EU's Green Paper on the need for flexicurity constitutes yet another attack on standards. The European Commission presented its Green Paper under the title 'Modernising labour law to meet the challenges of the 21st century' to launch a debate in the EU on how labour law could evolve to support the Lisbon strategy's objective of achieving sustainable growth with more and better jobs.

In its analysis of present labour relations, the Commission notes the growing gap between 'insiders' and 'outsiders', i.e. those workers enjoying full protection and the increasing number of people working under precarious conditions. But rather than advocating increasing the levels of security for 'outsiders' to bridge the gap, the Commission perversely seeks to address the problem in terms of increasing the flexibility in standard labour contracts. The notion of security put forward in the Green Paper is limited to enhancing employability through education and training and active labour market policies to keep people in work. In addition, the paper states that dismissal protection must be weakened because it reduces the dynamism of the labour market.

The ETUC has voiced strong concerns about the way the Commission is targeting labour law in advancing its flexicurity agenda, focussing almost exclusively on the personal scope of labour law, while ignoring the unequal power relationship between worker and employer and the protection provided to workers by collective labour laws and agreements.<sup>16</sup>

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<sup>14</sup> Alan Riley, 'The Vaxholm Case of Swedish 'Social Dumping'', Centre for European Policy Studies, 11 January 2008.

<sup>15</sup> For more information on the Vaxholm/Laval and Viking Linie cases, see: <http://www.etuc.org/r/847>

<sup>16</sup> Consultation of the European Social Partners on the European Commission's Green Paper COM (2006) 708 final "Modernising and strengthening labour law to meet the challenges of the 21st century" - Position adopted by the ETUC Executive Committee in their meeting held in Rome on 20-21 March 2007. At: <http://www.etuc.org/a/3557>

In relation to globalisation and internal reform, EU Commissioners are wont to use catch phrases such as 'equipping people for change'<sup>17</sup> by enhancing workers' employability and moving 'towards flexicurity in labour markets',<sup>18</sup> 'modernisation of employment protection'<sup>19</sup> and inciting Member States to 'focus their welfare systems'<sup>20</sup>. Clearly, these are euphemisms for the ongoing erosion of workers' rights. They describe what constitutes a radical overhaul of social arrangements: more flexible labour markets; less social security in case of unemployment, illness and disability; reduced dismissal protection; and a longer working life. All in the interest of competitiveness.

EU Trade Commissioner Mandelson is conveniently turning a blind eye to the threat neoliberal trade policy poses to social and environmental standards, policy space, employment, weak and marginalised social groups, natural resources, and equity and development, when he tells us that we should focus on the 'positive politics of globalisation' – "one that recalls that for every job lost to economic or technological change in Europe in the last decade we have created more than one new job. Hundreds of millions of new jobs in the developing world haven't cost jobs in Europe on aggregate. And they have lifted hundreds of millions of people out of poverty in developing countries".<sup>21</sup> But in fact, the EU authorities, in enabling the free flow of capital, facilitating the acquisition of industrial and financial assets in global markets and ensuring flexible and de-regulated labour markets, are increasingly manifesting as an instrument of global capital and transnational corporations. And labour is paying the price.

While on the one hand the EU's drive to enhance competitiveness is the rationale behind an unprecedented attack on domestic labour rights, the EU's trade agenda is helping to create a global environment which enables TNCs to optimise their cost-cutting and profit maximisation strategies, taking advantage of conditions in

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<sup>17</sup> Europe's response to globalisation: where does EU trade policy go from here?- Speech by Peter Mandelson, Wolfsberg, Switzerland, 4 May 2006

<sup>18</sup> Opening remarks by José Manuel Barroso, President of the European Commission, at the pre-European Council press conference, 17 October 2007. At: [http://www.europa.eu.un.org/articles/en/article\\_7410\\_en.htm](http://www.europa.eu.un.org/articles/en/article_7410_en.htm)

<sup>19</sup> "Reforming Europe for a Globalised World" - Speech by EU Commissioner Almunia, New York, 16 April 2007.

<sup>20</sup> "The Future of the European Union: Managing Globalization" - Speech by EU Commissioner Ferrero-Waldner, 31 August 2007. At: [http://www.europa-eu-un.org/articles/en/article\\_7282\\_en.htm](http://www.europa-eu-un.org/articles/en/article_7282_en.htm)

<sup>21</sup> 'Globalisation and Europe', speech by Peter Mandelson at SER Symposium on Globalisation organised by Ministry of Economic Affairs, Den Haag, The Netherlands, 3 September 2007



countries where adequate labour law is often lacking, freedom of association is non-existent, trade unions are prohibited and trade union activists are prosecuted, and to use their market power to effectuate relaxation of rules and regulations or the establishment of export processing zones, where applicable labour law, environmental standards, etc. are suspended. Internationally accepted social and environmental laws as well as in-firm ethical codes of conduct are easily circumvented by engaging in sub-contracting practices. This makes a farce of TNCs' well-known response in the face of critique that they adhere to local labour laws. In their global strategies for profit maximisation TNCs are actively looking for the margins and they are pushing flexicurity and liberalisation of (labour) laws and standards in countries with above-average arrangements – such is the nature of the beast.

Public opinion in trade partners of the EU often tend to view the EU as a more benign trading partner compared to the US's aggressive market access stance, as the EU accompanies its trade agreements with cooperation and development agreements.<sup>22</sup> The above analysis of the EU's combined domestic and external policies shows social movements and trade unions in EU trading partner countries should not be fooled. In facilitating a corporate agenda, the EU is acting actively to shift the capital/labour balance in the interest of the former. For this reason, trade unions should also view the EU's inclusion of references to labour rights and sustainable development in its new generation of FTAs with some scepticism.

International trade union organisations such as ETUC have been stressing the need for binding provisions in the EU's FTAs to ensure full application of international labour standards and implementation of multilateral environmental agreement, as well as comprehensive assessments of the social and employment impact of these FTAs in both the EU and its partner countries.<sup>23</sup> The EU's references to labour rights and sustainable development in the mandates for its new generation of FTAs appear a recognition of these demands.

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<sup>22</sup> See for example, From Washington Consensus to Vienna Consensus – The EU's free trade agenda for Latin America and the Caribbean, Transnational Institute/Corporate Europe Observatory, Amsterdam, January 2007.

<sup>23</sup> 'Response to European Commission Questionnaire on Free Trade Agreements with Countries of ASEAN, India and South Korea, Ukraine, the Andean Community and Central America', ETUC, 27 April 2007.

But reservations are in order. Although they mention ILO core labour standards, decent work and the inclusion of environmental aspects of trade, they are not backed up with effective monitoring and enforcement mechanisms at investor level<sup>24</sup> and easily dropped when powerful trading partners oppose them, as in the case of India. When the Pacific ACP countries in October 2006 launched a proposal to introduce obligations on investors rather than on host countries, which included, among other things, striving to contribute to the development objectives of the host country, upholding human rights including core labour standards in the workplace and liability in their home countries in cases where their operations caused severe damage, personal injury or loss of life in the host country, these proposals were immediately rejected by the EU trade negotiators.<sup>25</sup> And significantly, in the recently signed EPA between the EU and the CARIFORUM States, while reaffirming the signatories' commitment to the internationally recognised core labour standards as defined by the ILO and to the declaration by the UN Social and Economic Council on Full Employment and Decent Work, the parties also agreed that "labour standards should not be used for protectionist purposes"<sup>26</sup> - making their application vulnerable to dispute.

In light of the Global Europe agenda, the European Trade Union Confederation (ETUC) should take to heart its own critique of the current delinking of trade policy from social, developmental and environmental considerations; the lack of policy coherence between the Global Europe consideration and policies dealing with the social consequences of globalisation, quality jobs and decent work; and its condemnation of the EU's tunnel-visioned view of regulations - including social and environmental rules - as red tape and barriers to trade.<sup>27</sup> This analysis spells out the need to stop dabbling in the margins of the neoliberal system and to develop a fundamental critique in order to start building a system of global economic relations that, in the words of the New Economics Foundation, does not rely on economic growth for poverty reduction, but in which "policies are designed explicitly and directly to achieve our social and environmental objectives, treating *growth* as a by-

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<sup>24</sup> Myriam Vander Stichele, FTAs negotiated by the EU and social and environmental standards, SOMO draft paper, January 2008.

<sup>25</sup> Myriam Vander Stichele, FTAs negotiated by the EU and social and environmental standards, SOMO draft paper, January 2008.

<sup>26</sup> CARIFORUM – EU Economic Partnership Agreement, Title IV, Chapter 5, Art. 191.4. At: [http://trade.ec.europa.eu/doclib/docs/2008/february/tradoc\\_137971.pdf](http://trade.ec.europa.eu/doclib/docs/2008/february/tradoc_137971.pdf) (accessed 6 March 2008).

<sup>27</sup> 'Global Europe: Competing in the World – The way forward' – Speaking Note John Monks, ETUC General Secretary for the DG Trade Conference, Brussels, 13 November 2006.

product".<sup>28</sup> There is an urgent need for new narratives which can help build genuinely sustainable economies and truly safeguard social and environmental values. A broad global coalition of social movements has formed in recent years to develop alternatives, under the banner 'Another world is possible'. The trade union movement needs to be an integral part of this, as it has valuable contributions to offer, not only at the theoretical level, but also more practically in the day-to-day monitoring of transnational companies and their supply and value chains.

As a result of globalisation, corporate decisions are no longer taken at the national, but at the international level. Equally, government policies relating to investment, trade and competition are increasingly determined internationally. This is a challenge labour urgently needs to address. If the trade union movement, in the face of the emergence of new and shifting global patterns of production, is to build a countervailing power to global capital, it urgently needs to reinvent itself along a transnational dimension.

Currently, trade unions are organised predominantly at national shop floor and sectoral levels. In addition, they engage in social dialogue with the public authorities at the local, regional and national levels. International sectoral priorities are defined within the framework of global union federations (GUFs). The national trade union centers join together in the International Trade Union Confederation (ITUC) and its regional organisations. Although the GUFs are increasingly engaging in a social dialogue with international businesses, sectors or chains at the international level, and ITUC promotes trade union interests in international bodies such as the IMF, the World Bank, the ILO, etc., in our globalising world this approach alone can no longer suffice.

There is a need for a real transnational interweaving of trade union relations at all levels along the supply and value chains of transnational businesses, the shop floors foremost among them. Transnational trade union monitoring can flag corporate conduct violating the ILO's decent work agenda and other national and international

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<sup>28</sup> David Woodward and Andrew Simms., *Growth isn't working; The unbalanced distribution of benefits and costs from economic growth*, New Economics Foundation, 2006. At: <http://www.neweconomics.org/gen/uploads/hrfu5w555mzd3f55m2vqwt502022006112929.pdf> (accessed 19 January 2008.)

social and environmental standards. Constant scrutiny by its workers can play a pivotal role in increasing the accountability of TNCs, if not through legal liability and redress, through transnational worker solidarity and public condemnation. The call of the German trade unions for concerted action against the Dutch postal company TNT by its global workforce for its persistent attempts to undercut the German minimum wage is an example of how this might work.<sup>29</sup> TNT is refusing to pay its workers more than € 6,50 – 7,50 an hour, significantly less than the German national minimum wage of € 8 - 9,80. The German unions are calling for trade union action targeting TNT's main clients to effectuate a world-wide boycott of the company. In addition, transnational links between TNC workers in a supply chain can also help to harness solidarity with the insufficiently organized and underrepresented workforce in TNC subcontracting firms by making visible conditions in TNCs' subcontracting structures - for which TNCs now tend to shirk responsibility, saying it is impossible to get a grip on labour, health, safety and environmental conditions that apply here.

Labour runs the risks of being ever further marginalised if it continues to remain largely fragmented along national lines, while business are moving across borders. Expanding the transnational level in trade union capacity building will reinforce the global labour movement's clout and enhance its capacity to operate across borders, while taking into account local interests and to link up and switch between the various levels of representation. Unfortunately, inter-and transnational trade union representation is all too often still considered secondary to the national level. In a globalising world, this focus should be reversed, with national and local spearheads being defined from a strong international basis. Therefore, it is vital that trade unions in the North and in the South strengthen their ties, and use all the channels at their disposal - i.e. their own union organisations, the GUFs, their national centers and the ITUC - to insist on more transnational trade union formation which transcends consultation and coordination and focuses on real capacity-building within TNCs and their chains of production.

A new emphasis on the importance of international mutual solidarity as a core principle of the international labour movement is required. In Europe, where the

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<sup>29</sup> 'Gewerkschaft droht TNT mit Boykottaufruf', Die Welt, 21 January 2008. At: [http://www.welt.de/welt\\_print/article1575704/Gewerkschaft\\_droht\\_TNT\\_mit\\_Boykottaufruf.html](http://www.welt.de/welt_print/article1575704/Gewerkschaft_droht_TNT_mit_Boykottaufruf.html)

struggle to uphold labour conditions needs to be *de facto* reinvented, international solidarity has long been regarded as one-way support for the global South. Europe now needs to realise it stands to benefit from cross-linking with the South. In the European Union's 'old' member states, the unions are having trouble finding appropriate responses to neoliberal economic restructuring after having been able to operate for so long in an environment where they were accepted as a negotiating partner in three-way negotiations on collective wage agreements with employers' organisations and the government. Labour is also struggling in the 'new' member states, where in the planned economies of the Soviet era both corporate policy and labour conditions were largely determined by the state, mitigating against the development of an independent trade union movement.

The effects of globalisation are brutally confronting Europe's labour movement with a need to come up with new strategies for to organise the unorganised as increasing numbers of workers are being marginalised and forced into precarious labour contracts, social security arrangements are being rolled back and labour rights are under attack. In this, they can learn valuable lessons from the more ideological and militant grassroots approaches of the labour movement in the global South. In turn, the European labour movement can assist the South in trade union capacity-building and transferring its experiences with tripartite dialogue with governments and corporate industry. And in a joint effort, they can mobilise public opinion to rally against malpractices of all kinds in global production chains, while seeking to promote transparency and representation at the transnational level.

International cross-fertilisation along these lines can help the global trade union movement to find new strengths, and is a prerequisite if it is to successfully tackle the challenges of globalisation.