



**The 28th Statutory Congress of LO Sweden
17 – 20 June 2016**

**Agenda item 15. International questions
Introductory remarks
Motions submitted**

Translation



15. International questions - Introduction

The Swedish Trade Union Confederation (LO) in the world

The Swedish Trade Union Confederation (LO) works for a world in which free and democratic trade union organisations can grow strong and operate freely. We work for a world in which national and international regulations guarantee workers' fundamental trade union and human rights, both in working life and in society.

In the globalised world we live in today we aim for social, economic and environmental sustainability. This means that initiatives for inclusive economic development must have equality, fair distribution, gender equality, full employment and social protection as guiding principles.

LO's task of safeguarding its members' interests requires cross-border trade union work. Trade union collaboration within the European Trade Union Confederation (ETUC) and the International Trade Union Confederation (ITUC) is of considerable significance for international trade union successes, particularly as regards the fight against social dumping.

National management of a growing number of trade union policy areas is influenced both directly and indirectly by decisions in international bodies. For example, more than half of the questions on the national and municipal political agenda in Sweden are influenced by the EU. We are also influenced by developments in the World Trade Organisation (WTO), the International Monetary Fund (IMF), the UN and its labour organisation the ILO, as well as by bilateral trade agreements signed between the EU and other regional associations or states.

Strong trade union organisations in the rest of the world

Trade union strength, national and global, is based on high trade union density, legitimacy and representativeness. In an increasingly globalised working life the strength of the trade unions in Sweden is linked to trade union strength in the rest of the world. When workers in other countries have the collective strength to negotiate better pay and conditions, the global economy can work in everyone's favour in the long term. Trade union strength can reduce the inequality and gender inequality that arise as a consequence of globalisation.

Unfortunately, trade union density is low in many countries, which weakens trade union influence and co-determination, both as regards development in firms and in society as a whole. Consequently, it is important that the trade union struggle and organisation succeeds in all countries.

Trade union collaboration in Europe, particularly round the Baltic Sea, becomes increasingly important as the region is interlinked politically, socially and economically through EU cooperation. There are alarming anti-trade union tendencies in many of our East European neighbour countries, which undermines the trade union struggle. LO has decided to actively build relations and intensify collaboration with sister organisations in the Baltics and Eastern Europe. Partly to strengthen trade union activities and contribute to a more trade union friendly EU, and partly to ensure in solidarity that workers coming to Sweden in hopes of work and self-sufficiency are guaranteed conditions and trade union rights in accordance with collective agreements.

Trade union development cooperation conducted by LO also aims to support independent and democratic trade union organisations in the work for decent working conditions and

better quality of life, for both women and men. The right and opportunity to be organised in trade unions without the risk of violations must be made a reality for everyone in the world.

Respect for human rights at work and decent work

Respect for international standards of protection of trade union rights such as the right to collective bargaining, right to organise and the right to strike is a precondition for trade union organisation. Consequently, LO will also work to ensure that human rights in working life become an integrated part of the view of human rights and that the ILO Decent Work agenda is integrated into policy nationally and internationally. Equality between people is increased through social dialogue, full employment, social protection and fundamental rights (the component parts of the Decent Work agenda).

The UN labour organisation, the ILO, is a tripartite body in which representatives of employers, trade union organisations and governments gather. The ILO Conventions are legal and political tools that regulate fundamental human rights in working life, both in Sweden and globally. The ILO's eight Core Conventions are universal and binding for the Member States. Despite the fact that most countries in the world have ratified these and many other ILO Conventions, compliance is often deficient. According to the International Trade Union Confederation (ITUC) Global Rights Index, violations of trade union rights are increasing every year and at present about half of the world's working population live in countries that do not even guarantee the right to form trade unions. Here the whole trade union movement is facing major challenges to push developments in a positive direction in collaboration with progressive political parties.

Sweden should be a leader in the work for human rights in working life and show the way for other countries. This means above all that Sweden should ratify the following important ILO Conventions:

- ILO Convention No. 94 on Labour Clauses (Public Contracts)
- ILO Convention No. 189 on Domestic Workers
- The Protocol to ILO Convention No. 29 on Forced Labour

Transparency and free trade

The Swedish trade union movement has always had a positive basic attitude to transparency and free trade. Sweden, which is a small export-dependent country, gains from reduced barriers to trade and investment. The new form of international trade and investment agreements that are not only concerned with customs and tariffs meet the change in trade and investment flows. Digitalisation and e-commerce, blurred distinctions between goods and service production and the fact that firms' production often consists of long and complex value chains, are important premises in today's globalised trade.

A transatlantic trade and investment partnership (TTIP) between the two largest global actors, the EU and the USA, could form a global template for how the new generation of agreements can be made in future, particularly as regards workers' rights. LO's starting point is that workers' rights and conditions may never be regarded as a trade barrier. LO has worked actively to influence TTIP negotiations for the purpose of achieving a partnership that contributes to increased welfare, without jeopardising democratic decisions and undermining workers' rights. LO also wants to protect national political room to manoeuvre, especially as regards public services.

The international debate on trade and investment needs to be followed by a discussion on distribution. If the goal is to create sustainable social, economic and environmental

development, then trade and investment cannot continue to be conducted at any price. If the purpose is to raise the general standard of living, then steps must be taken to distribute the profits arising from increased trade. Workers, both women and men, need to receive a fair share of what globalisation creates. The Nordic countries' competitiveness shows, in an international perspective, that transparency can be combined with security and equal distribution.

Sustainable development and balance between labour and capital

Globalisation of the labour market has many advantages, but the profits that have arisen are unequally distributed. Economic disparities are increasing in most societies, even if there has been some equalisation between countries. Inequality is both a threat to social cohesion and simultaneously an obstacle to growth. It is important to ensure that new jobs that are created are decent and lead to growth that everyone can share in. Consequently, LO is endeavouring to ensure that the advantages of globalisation are shared by more people and the problems in global working life are dealt with jointly.

In its international work LO promotes the Global Deal objective of decent working conditions and inclusive growth, for the purpose of achieving a better balance between labour and capital. This Swedish government initiative, which is in line with the UN sustainable development goals in the 2030 Agenda, is crucial to increased equality in an international perspective.

Goal 8 in the UN Sustainable Development Agenda (the 2030 Agenda) concerns achieving sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. However, the ILO paints a dark picture of the challenges of global working life: Last year there were 2.3 million work-related deaths, 310 million non-lethal accidents and 160 million work-related cases of illness. Almost 80 per cent of the world's population has no access to social safety nets such as social insurance. There are 200 million unemployed, youth unemployment is a global problem, women do not have the same opportunities in the labour market as men and migrant workers are particularly vulnerable. In addition, there is the ongoing climate change. The climate issue is also a fairness issue for the trade union movement. Adaptation to more sustainable development will be costly and the adaptation must be made in fair and socially acceptable forms.

The Global Deal initiative is central to realising both goal 8 and several other of the new sustainability goals, in particular the gender equality and reduced inequalities goals. The means of the core of the Global Deal vision are effective labour market relations (social dialogue) globally and respect for human rights in working life in all countries of the world. The Global Deal initiative should be given a prominent role in Swedish development aid policy, so that cooperation between partners is given a clear role in Swedish international development cooperation.

Global value chains

Global value chains currently pose one of the greatest challenges to the national and global trade union movement. When 1,136 people lost their lives in April 2013 in a textile factory in Rana Plaza, Bangladesh, the general public was made aware of the high price workers have to pay for the constant hunt for lower production costs. After the collapse, the global union federations UNI and IndustriAll initiated an Accord on Fire and Building Safety, for the purpose of improving the work environment for textile workers in Bangladesh. More than 180 global companies from 20 countries have signed the Accord, which is now being followed up with inspections and negotiations for compensation for the victims.

The past decades' changed production patterns within companies affect our trade union work. Our traditional tools, such as education, negotiation and collective agreements, only work in relation to employees and employers in the traditional sense. As regards firms' entire production chains, however, the challenges are greater and more difficult.

The economic strength and power of global companies is increasing, compared with that of nation states, and companies' operations are becoming increasingly cross-border. Currently about half of the world's hundred largest economies are companies. The production processes of goods are globalised in that production is fragmented and localised where the cost is lowest, thus maximising profit for the producers. The ILO estimates that one out of five workers in the world works within the global value chains and according to the OECD/WTO about 60-80 per cent of world trade passes through a wide variety of production chains.

Aggressive tax avoidance planning develops in the wake of production chains that are increasingly hard to grasp and firms' increased profit requirements. UNCTAD (the UN organisation for trade and development) recently showed that developing countries lose about SEK 830 billion (2015) in tax revenues every year due to firms' deliberate strategy to avoid all forms of taxation. For every dollar increase in developing countries' incomes since 2008 they have lost two dollars through such things as tax avoidance. This is a clear example of the deficient structure of global financial systems for the poorest countries and that this consequently constitutes a development barrier (Eurodad - European Network on Debt and Development). Through the International Trade Union Confederation (ITUC), LO is endeavouring to prevent tax avoidance by supporting the OECD's action plan against aggressive tax planning by transnational corporations.

Companies' responsibility for human rights at work

More and more companies have adopted codes of conduct, in other words rules for their own desired ethical and moral behaviour. The international trade union movement, of which LO is a part, believes that this form of corporate social responsibility (CSR) is not sufficient and that companies should enter into agreements with the trade unions on these matters. This supports stronger trade union organisation, efficient labour market relations and also strengthens the credibility of corporate working methods. There are currently about 150 global framework agreements between multinational enterprises and global trade unions, of which just under 10 agreements with Swedish multinationals.

LO's work related to corporate responsibility and respect for human rights in recent years has produced, in cooperation with the national unions, a model for global framework agreements on human rights and conditions in working life, requiring companies to actively promote respect for fundamental workers' rights throughout the production chain. The model agreement is an important tool to enable the realisation of the objectives of the Global Deal and the 2030 Agenda's Decent Work goals, as well as making the trade union movement a proactive voice in the Swedish debate on corporate social responsibility.

LO has also worked with the OECD Guidelines for Multinational Enterprises and the UN Framework for Business and Human Rights, which are valuable tools in trade union work to improve human rights and conditions in working life. In recent years there have been discussions about starting a 'Swedish initiative for ethical trade', similar to those in Norway, Denmark and the United Kingdom. For LO's part, this work should take its cue

from trade union work for firms' value chains, as well as linking up with the work on a Global Deal.

Trade union capital for sustainability

LO and its affiliates have another lever for increasing respect for and compliance with trade union rights and decent working conditions in both international and national companies. This is the fact that they are active in using both their own and other capital under their control in a smart and coordinated way. Right now LO is conducting a project, CSR4REAL, to coordinate the demands of the trade union movement and other non-profit capital owners for sustainability, for the purpose of gaining a greater impact on matters concerning the environment, human rights and corporate governance. This work is done in collaboration with the international trade union Committee on Workers' Capital.

Play Fair

LO also uses other arenas and fora to draw attention to trade union and other human rights. For example, in the Play Fair project, LO and its affiliates collaborated with sports associations in Sweden on human rights and international sporting events. This work targets both the sport and companies and sponsors in construction, tourism and the textile sector. The cooperation agreements signed by LO in 2014 with the Swedish Olympic Committee and the continued work with the sports world in Sweden has laid the foundation for continued dialogue, both nationally and internationally, on how human rights are to be respected in connection with major championships and sports events.

Fairtrade

Another tool at the disposal of LO is owning, together with the Church of Sweden, the Fairtrade trademark in Sweden and working actively to develop Fairtrade International's business. In recent years there has been increasing focus on the role and responsibility of consumers for human rights in production. When consumers, organisations and companies trade in Fairtrade certified products they contribute to improving the lives of growers and workers who produce food. An important part of Fairtrade's criteria is to support trade union rights and local democracy development.

EU as a political counterweight to global capital

EU cooperation is important for Sweden and LO. We need an EU that safeguards democracy and human rights in working life, both within and outside the EU. We need an EU that takes the lead for new climate smart growth, and that promotes a social Europe. The EU should function as an instrument for developing a political counterweight to corporate internationalisation and global capital movements. When firms and capital operate transnationally, politics must work in the same way. The EU becomes an opportunity for joint regulation of markets that can only be regulated with difficulty by the respective member state alone.

Trade union rights and social partners' autonomy in the EU

In the wake of the economic crisis, EU leaders have compromised on values that previously were incontrovertible, including respect for human rights in working life. This has had dramatic consequences for trade union rights in the EU and today Europe accounts for the greatest increase in violations of trade union rights. Consequently, in the European trade union work, LO has put considerable focus on trade union rights, and we participate for example in a Nordic-Baltic trade union collaboration to strengthen trade union rights in the Baltic on the basis of the ILO Core Conventions.

LO has also been active, together with the European Trade Union Confederation, in guaranteeing that EU crisis management respects the autonomy of the parties, as well as developing the cross-sectoral social dialogue at EU level, through active participation and strong collaboration between national unions.

The threat to social partners' autonomy and thus to free trade unions has been accentuated and assumed new forms since the economic crisis started in 2008. Politicians in the EU, and particularly in the euro area, have regarded wage formation as an area of political coordination. During the crisis, hard-hit countries such as Greece, Portugal, Spain and Ireland were forced to reduce wages and reform the wage formation systems. The political idea that competitiveness must be strengthened by means of reduced wages has, however, had a deeper impact and is now an integral part of EU economic policy. Between 2011 and 2015 a number of Member States have been required annually by the European Commission to reduce wages and change forms and systems of wage formation. A clear example is the Commission's wish that wage formation should take into account economic viability right down to enterprise level. For example, Spain has been exhorted to abandon trade union negotiations at industry level and to replace them with negotiations at enterprise level, with a view to restricting the normative effect of collective agreements.

This is deeply disturbing, particularly in light of the coming intensified cooperation in the euro area. The priority of LO is to defend fundamental trade union rights and social partners' autonomy. This at a time when trade union strength in the rest of the world and specially in our near abroad is of crucial significance for LO's long-term capacity to safeguard our members' interests. In this context it is important to create alliances to preserve our collective agreement based bargaining model. The high degree of independence of the social partners is unique in an international perspective and has created conditions for good working conditions for employees and competitive neutrality for firms.

Social protocol for balance between labour and capital in the EU

The goal of European trade union cooperation is to strengthen the position of workers in a market with free movement of capital, labour, goods and services. Otherwise there is a risk of increasing imbalance between capital and labour, leading to insecure employment and downward pressure on wages. The EU has a unique opportunity to regulate the market, for example through minimum labour law provisions that are binding on all Member States.

In recent years, however, another basic approach to EU cooperation has predominated. That approach chooses to regard market integration and free movement as the main task of the EU. Economic development is to be promoted by removing barriers to business activity. This view makes the EU into an instrument of deregulation.

The conflict between the two competing views on the role of the EU ultimately concerns how far the principle of free movement should be applied. The European Court of Justice ruling in the Laval case is evidence of the explosive force of this political struggle. What the Court established in practice was that a national requirement for equal treatment of workers cannot be accepted, as it constitutes an obstacle to free movement, in other words that trade union rights are subordinate to free movement.

The Swedish Trade Union Confederation can never accept such an approach. Creation of a better balance between trade union rights and economic freedoms requires a treaty amendment, in which a social protocol is added to the EU Treaty. The social protocol must establish that fundamental human and trade union rights are not subsidiary to the economic

freedoms in the internal market. And in the event of a conflict, fundamental human and trade union rights are to have priority.

LO's demand for a social protocol can only be realised if Sweden and other Member States make it a clear requirement in connection with a coming amendment of the EU Treaty. Consequently, LO has worked actively to create as much political support as possible for the demand for a social protocol. Apart from in Sweden there is now an agreement between central trade union organisations and social democratic parties in Austria and Germany. The ambition is that political parties from a majority of EU Member States will adopt the agreement during the coming Congress period. This would make it impossible to ignore the issue in future amendments to the Treaty.

LO's task is to safeguard its members' interests. Therefore, in the fight against social dumping international trade union cooperation is decisive. In the work of achieving the goals of equality, justice, gender equality, decent working conditions, strong trade union organisations and respect for human rights in working life, LO must work both nationally and internationally.

Motions 15.1-15.3

15.1

that LO, together with its affiliates, draws up a solid impact assessment that clearly analyses the consequences that TTIP will have for the Swedish trade union movement.

15.2

that LO strongly condemns and seeks way to stop the signing of TTIP and ISDS if the content of the TTIP agreement or the investor-state dispute settlement mechanism ISDS in any way can circumvent or oppose democratically made decisions, legislation, trade union and workers' rights or negatively influence public health or the environment.

15.3

that LO shall act to ensure that the possibility for individual companies to bring legal action against governments is removed from the free trade agreement.

Statement

Motions 15.1, 15.2 and 15.3 take up negotiations for a trade and investment agreement between the EU and the USA and raise crucial matters that are important to highlight.

The Swedish trade union movement has and has always had a positive basic attitude to transparency and free trade. The LO Executive Council is convinced that Sweden, which is a small export-dependent country, gains from reduced barriers to trade and investment.

LO's preferred alternative is to regulate trade within the World Trade Organization, WTO, to which almost all countries in the world belong. The lack of progress within the WTO has, however, stimulated the emergence of

bilateral agreements, that is, agreements between two parties. An agreement between the EU and the USA, if realised, would be the greatest bilateral investment and trading agreement in the world. It would also be a step in the right direction towards curbing protectionist trends in the world.

The LO Executive Council believes that increased trade between the EU and the USA is of benefit to the Swedish economy and our members. Competition on equal terms between two developed economies promotes necessary structural transformation and creates jobs in profitable businesses.

The EU is the world's largest economy and produces 25.1 per cent of the world's GDP and 17 per cent of world trade. The USA is the second largest economy and accounts for 21.1 per cent of GDP and 13.4 per cent of world trade. Together they thus account for almost half of the world's GDP and a third of world trade. The EU's and USA's share of the world economy has decreased, however, in the past decade due to the rapid growth of emerging economies, in particular that of China.

According to an impact assessment made by the European Commission, an extensive and ambitious agreement could lead to considerable profits for both the EU and the USA. A similar analysis for Sweden shows that the bilateral trade between Sweden and the USA could grow considerably. The positive effect is expected to be somewhat greater for exports than imports. The largest export increases for Sweden are expected to be within the sectors of food and drink, insurance, motor vehicles and metal.

The executive bodies of the three central trade union organisations: the Swedish Trade Union Confederation (LO), the Confederation of Professional Employees (TCO) and the Swedish Confederation of Professional Associations (Saco) adopted a joint document on TTIP at the beginning of 2014. This document states that we are fundamentally positive towards closer relations, increased trade and increased investment between the EU and the USA. But we have also made demands concerning the negotiations.

- In the first place, a future agreement may not lead to negative effects for workers. It is therefore essential that the agreement includes mechanisms that ensure effective compliance with the ILO's Core Conventions and that rules concerning protection of workers cannot be regarded as constituting trade barriers. The agreement thus may not affect rules concerning protection of workers in national acts of law, other statutes and collective agreements or the collective trade union rights such as the right of association, right of negotiation and the right to take industrial action.

- In the second place, that the free trade agreement may not affect political freedom of action regarding fundamental political issues. This means that the agreement cannot restrict the decisions of States on matters such as how public services are to be organised, what should be run by the State on its own account, what should be performed by state monopolies, the design of welfare systems and similar matters. Ultimately it is a matter of safeguarding the legitimacy of democratically made decisions.

- In the third place, the agreement may not either restrict the political freedom of action in procurements as regards imposing requirements on what is procured and requirements concerning such things as conditions of work and employment. Public procurement is currently largely regulated by EU law and the agreement may not restrict the ability to impose social requirements as they are presented by the new EU Directive in this area.

- In the fourth place, the negotiations should be focused on not including an investor-to-state dispute settlement mechanism. If such a system is nevertheless established, it is an absolute requirement that it is legally secure and open, does not restrict States' democratic decision-making or restrict part autonomy and trade union rights.

LO, together with TCO and Saco, has now sent a submission to the EU Trade Commissioner Cecilia Malmström, with proposed agreement texts, with a view to ensuring that there is no uncertainty whatsoever concerning the agreement's respect for fundamental human rights in working life and the Swedish labour market model. EU has now presented its proposal for a 'sustainability chapter' where several formulations about this can be found. An agreement between the two largest global actors, the EU and the USA, can set the trend for how such agreements can be made in future, for example as regards workers' rights.

One of the parts of the proposed TTIP forms a protection for investments and systems for solving any disputes. This is called Investor State Dispute Settlement, ISDS. Motions 15.1-15.3 all take up the controversial proposed investor protection. The LO Executive Council shares the criticism of the proposers of the motions.

An investor-to-state dispute settlement mechanism implies a possibility for an individual company to bring legal action against a country that it perceives has violated the agreement. ISDS is intended to protect investors from nationalisation or expropriation for example, and is particularly warranted as protection for investors in countries with corrupted or badly functioning legal systems. There are about 3,300 bilateral investment agreements at present, and almost all of them contain an ISDS provision. The LO Executive Council does not consider, however, that this in itself is reason enough for TTIP to contain ISDS, as the EU and USA are functioning States governed by the rule of law.

The number of ISDS cases has grown considerably since the mid-1990s and has now exceeded 600 known cases. Several notable cases show the weaknesses of dispute settlement between state and investors, including lack of transparency and democratic legitimacy.

It is evident that the debate on investor protection must be seen in the light of the fact that the multinational companies have strengthened their position in relation to national States and workers in recent decades.

There is a great need for new thinking on the matter of investor protection. The fact that investors must be able to complain against decisions by States using a special procedure outside the normal court system may in itself risk influencing the prospects of democratic decision-making. This must be combated.

LO has worked hard to prevent TTIP from containing an ISDS in the traditional sense

and welcomes the fact that the Social Democratic Party and the Swedish Government are now taking the same line. The Social Democratic Group in the European Parliament is also highly critical. TTIP with a traditional ISDS will have great difficulties in passing the European Parliament and national parliaments.

In autumn 2015 the EU Trade Commissioner Cecilia Malmström presented a proposal for reformed investor protection and dispute settlement: The Investment Court System, ICS. The regulatory right of States is established in a clearer way. The legal grounds on which companies can refer a dispute to an arbitral tribunal have been considerably reduced. Negotiations can no longer take place behind closed doors and the arbitrators that deal with disputes have stricter codes of conduct for processing any conflicts of interest.

Moreover, it is proposed to make rulings by an arbitral tribunal appealable and make the parties, that is, the EU and the USA, able to issue binding interpretations of the agreement if any lack of clarity emerges.

In the opinion of the LO Executive Council this is a step in the right direction, but there is some way to go before we know that the issue of investor protection can be said to be solved. For TTIP to become reality the question of an investor-to-state dispute settlement mechanism must find a solution that can win broad support. Putting a credible, legally secure system in place could in the long term improve the corresponding conflict resolution in existing and new agreements. Thus, TTIP implies a chance to reform a rotten system.

Since 2013 LO has monitored the TTIP negotiations and developed a policy in the entire area of trade and investment agreements. Together with TCO and Saco, LO has tasked LO-TCO Rättsskydd (the legal bureau of the Swedish Trade Union Confederation and the Confederation of Professional Employees) with providing legal analyses to make it possible to develop trade union policy, ever since the TTIP negotiations started. LO has contributed to several external and internal trade union seminars about various aspects of TTIP: investor protection, workers' rights and public services.

Continuous information has been given in the LO Executive Council and in relevant committees. LO has participated in a number of national and international contexts and there highlighted our expectations and requirements of TTIP. LO has played a decisive role in opposing the original proposal for investor protection ISDS in TTIP.

Within the European Trade Union Confederation and in relation to American trade union organisations, LO, together with other Nordic trade union organisations, has tried to contribute to a balanced view of trade and investment. However, we have the same basic principles: that the agreement must be sustainable and safeguard workers' rights, political room to manoeuvre and democratic decisions.

At home it is also a matter of being prepared for the structural transformation that trade and investment in a global economy always lead to. It is a matter of sound wage formation, sound unemployment insurance, an education system and a labour market policy that can parry changes in the labour market, and an industrial policy that creates competitiveness. That work will continue, regardless of TTIP.

In the opinion of the LO Executive Council, the international debate on trade and investments needs to be followed by a discussion on distribution. If the profits of globalisation end up in the hands of a small number of people, it would not be surprising if it is questioned and that could lead to protectionist forces gaining support. Workers need to receive a fair share of what globalisation creates. The competitiveness of the Nordic countries shows in an international perspective that it is possible to combine transparency with security and fair distribution.

In conclusion, it is important to remember that there is no draft TTIP agreement yet. By having a positive approach and a pragmatic method of work, LO and the Swedish trade union movement are well positioned in the Swedish and international debate on trade and investment agreements.

There are voices that want to reject TTIP even before it has come into being. The LO Executive Council does not take this line, for several reasons. The LO Executive Council will continue its analysis and advocacy work with full force to ensure that the Transatlantic Trade and Investment Partnership between the EU and the USA is as sound as possible. When it is finalised LO will take a position on the whole agreement.

During the coming congress period, LO will continue its work of analysis and monitoring in close cooperation with its affiliates. Cooperation and exchange of information with other actors will continue to be necessary. The public debate on TTIP and other trade and investment agreements must be characterised by transparency and understanding of the importance of democratic legitimacy.

The LO Executive Council proposes that Congress resolves

to approve motion 15.1 and
to consider motions 15.2 and 15.3 answered.

Motion 15.4

15.4

that LO shall work actively to ensure that the proposed trade agreement between the EU and Canada is rejected,

that LO shall work actively to ensure that public services, regardless of the form of financing, shall be exempted from trade agreements between the EU and the USA, the global trade in services agreement, TiSA, and future trade agreements,

that LO shall work actively to ensure that procurement criteria for public procurement are clear enough to remove any doubt about which legislation is applicable. The procurement criteria of the trade agreements must not be worse than what is described in European legislation and

that LO shall work actively to ensure that current and future trade agreement negotiations are changed to take into account the right of States to govern their own affairs democratically.

Statement

Motion 15.4 takes up the ongoing free trade and investment agreements the EU is involved in, and highlights particularly important issues on public services and public procurement. The LO Executive Council welcomes the discussion and considers that many issues need to be monitored in modern trade and investment agreements.

The proposers of the motion initially highlight the need for trade for a small country like Sweden, which the LO Executive Council fully agrees with. The proposers of the motion also draw attention to storm clouds around the new form of international agreements that do not just deal with customs and tariffs, for example. However, it is important to take as a starting point that trade and investment flows are different today than a few decades ago. Digitalisation and e-commerce, blurred distinctions between goods and service production and the fact that companies' production often consists of long and complex value chains, are important premises in today's globalised trade. Consequently, it is reasonable that this development is met through modern trade and investment agreements.

The proposers of the motion take up the issue of public procurement. The trade union policy for the agreement between the EU and the USA (called TTIP) that LO, TCO (Confederation of Professional Employees) and Saco (Swedish Confederation of Professional Associations) adopted in early 2014, contains the following formulations on public procurement:

öThe agreement may not, however, restrict the political freedom of action in procurements as regards determining the form in which an operation is to be run. Nor may the agreement restrict the political freedom of action in procurements as regards imposing requirements on what is procured and requirements concerning such things as conditions of work and employment. Public procurement is currently largely regulated by EU law and the agreement may not restrict the ability to impose social requirements as they are presented by the completely new EU Directive in this area.ö

The opinion of the LO Executive Council is of course that this is also to apply to other trade

and investment agreements, such as TiSA and the agreement between the EU and Canada (CETA).

The LO Executive Council actively monitors the issue of public services in trade and investment agreements. In addition to internal trade union consultation and seminars, LO is in contact for example with the Government Offices, the European Commission, and the Swedish Association of Local Authorities and Regions (SALAR). The work of analysis and advocacy is done together with TCO and Saco and their affiliates, as well as LO-TCO Rättsskydd.

Neither the EU nor any other actor can force Sweden to open up for foreign companies. Freedom of establishment currently applies in Sweden and we have very few rules that are separately applicable to foreign service providers. For example, we do not have any quota for foreign ownership in different sectors. As regards services, each country chooses whether it is to make commitments on market entry. This means in brief that the country thereby promises not to discriminate between domestic and foreign suppliers. There is no common EU definition of public services; these vary from country to country.

Sweden has made several commitments, but we have not made commitments on:

- publicly financed health and medical care;
- publicly financed education and education recognised by the public authorities;
- water distribution; or
- film, television and other audio-visual services.

On the other hand, Sweden has made commitments, i.e. opened up the market and guaranteed non-discrimination between Swedish and foreign companies for electricity supplies, transport, postal services and refuse collection.

None of the free trade agreements forces States to privatise or deregulate public services. The decisive question is what commitments individual governments make (i.e. market access including non-discrimination) when agreements are negotiated and what applies when the agreement is signed.

Some parts of a trade in services agreement (such as TTIP and TiSA) contain clauses stipulating that changes in the agreement may only be made in one direction. If a country has offered market access and/or promised not to have different rules for national and foreign companies, it is not allowed to change these rules after the agreement has come into force. If the host country, for example Sweden, wants to change rules and/or restrict access for American companies, for example, the USA can introduce equivalent changes for Swedish companies.

The LO Executive Council believes that these clauses are deeply problematical and considers that legislators at national and EU level must not alienate the right to make political decisions other than in a liberalising direction.

Sweden has in an international sense a highly deregulated public sector. This is mainly due to Swedish decisions in recent decades and has only very little to do with our international commitments, such as membership of the EU. Public services are currently supplied by many different actors: profit-making companies, non-profit making companies or organisations, cooperatives or central/local government operation. But the Swedish model in the labour market means that conditions are regulated in collective agreements that apply regardless of the actor that performs a public service. That is not the case in many other countries. This leads to concern among many trade union organisations that

are heavily critical towards a trade and investment agreement covering public services at all. There is also Swedish and international criticism of a public sector that is too market-adapted, not least as regards welfare services.

The LO Executive Council believes that this concern needs to be taken seriously and will most probably be solved by the trade and investment agreement not covering public services or by the clauses described above not being applicable to public services. The national political room to manoeuvre now and in the future needs to be made clear. The definition of public services differs, however, from country to country, which may lead to problematic boundaries. In EU contexts the exclusion of services of public interest and services of general economic interest is being discussed. These may be for example education, health care and social services, or water, waste management and public transport.

Finally, the LO Executive Council would like to stress that the question of investor protection and an investor-to-state dispute settlement mechanism also play a role in regard to regulation of public services. TiSA does not contain a so-called ISDS mechanism. Any disputes shall be settled between States. But investor protection and an investor-to-state dispute settlement mechanism are included in the draft agreement as negotiated between the EU and Canada (CETA) and in the context of negotiations for an agreement between the EU and the USA (TTIP). Consequently, the LO Executive Council considers that ISDS must be reformed in CETA, similar to the reforms proposed by the European Commission for TTIP. (See further in motion statements 15.1-15.3) LO has partly in collaboration with other Nordic trade union organisations actively lobbied the Commission and the European Parliament to reform ISDS in TTIP and advocated that this must also apply to CETA, even though those negotiations have been completed.

The EU and Canada have now agreed that the investor-to-state dispute settlement mechanism in CETA will now have the same rules as the European Commission has proposed as applicable for TTIP, i.e. the Investment Court System (ICS). The LO Executive Council welcomes these changes, as otherwise there would be a risk of two parallel systems being created, undermining the positive changes made in the TTIP negotiations. The LO Executive Council considers that a legally secure, transparent and democratically accepted investor-to-state dispute settlement mechanism must apply to CETA, TTIP and other trade and investment agreements.

The proposer of the motion also touches on the aspect of free trade negotiations that is becoming increasingly important; regulatory cooperation. The LO Executive Council considers that the regulatory cooperation between the USA and the EU will probably lead to improved effectiveness and is part of finding synergy effects of TTIP. The ongoing talks on regulatory cooperation are currently restricted to a few areas of a technical nature and primarily concern exchange of information. However, the LO Executive Council believes that regulatory cooperation must be designed so as to avoid a deterioration in the rules as regards conditions of work or environmental considerations, for example. Industrial relations at national level and the social dialogue at EU level must of course be respected. The EU's ordinary 'Better Regulation' agenda for simplification of rules is a cause for concern on this point. So the issue of regulatory cooperation goes beyond individual trade and investment agreements. LO also monitors this issue in the context of ongoing work in the EU.

In conclusion, the LO Executive Council wants to point out that the question of political room for manoeuvre will be carefully monitored in the continued work of analysis and

policy that will take place in close cooperation with the LO affiliates. Cooperation and exchange of information with other actors are also necessary. The public debate concerning trade and investment agreements, not least as regards public services, must be characterised by transparency, easily accessible information and understanding of the importance of democratic legitimacy.

The LO Executive Council proposes that Congress resolves
to approve motion 15.4, second ó fourth clauses and
to consider motion 15.4, first clause answered.

Motion 15.5

15.5

that LO introduces a general policy of priority for Fairtrade-labelled goods and

that LO affiliates work to ensure that municipalities, county councils and the business sector reward the use of Fairtrade labelled goods in their own consumption and in procurement.

Statement

In motion 15.5 the proposer writes that "Fairtrade is international solidarity in practice". The LO Executive Council fully shares the view of the proposer. LO works for the right to improved wages and working conditions throughout the world. Part of the work of international solidarity is precisely cooperation with Fairtrade.

Choosing Fairtrade-labelled products creates conditions for farmers and employees to improve working conditions and quality of life for themselves and their local community. Through criteria for higher wages and a minimum price that is more than production costs, together with long-term trade agreements, Fairtrade provides security for all those who are living on small margins.

The independent product labelling covers 1.3 million farmers and employees in 70 countries. Counting the families as well, the number of people affected by Fairtrade is more than 5 million. The best known products are bananas, roses and coffee, but in Sweden there are more than 1,600 different Fairtrade-labelled products.

In 2001 the trade union movement helped to start what was then called Rättvisemärkt in Sweden. Since 2003 LO and the Church of Sweden own the companies that hold the Fairtrade trade mark, which license Swedish companies. Moreover, LO is one of more than 50 Swedish member organisations of the Fairtrade association. The association is partly funded by Sida appropriations through Union to Union (the development cooperation body of LO, TCO and Saco).

An important part of Fairtrade's criteria is to support trade union rights and local democracy development. Fairtrade-certified producers are either growers who are organised in cooperatives or employees on plantations. On those all employees are entitled to join trade unions and the trade union has the right to work freely at the workplaces. The employers must also hold regular meetings with the trade union representatives. The Fairtrade work does not replace work for collective agreements and increased trade union rights. Trade union involvement and Fairtrade strengthen each other and form two paths to the same goal. In January 2015 LO hosted a major international conference in which trade union activists and people in Fairtrade in different parts of the world met to discuss better forms of cooperation, locally, nationally and internationally.

Fairtrade International has an advisory committee on labour rights, on which the global trade union for farm workers and food workers is represented. The trade union is proactive in the work of realising the adopted international strategy for employees' rights and participates actively in the process to achieve living wages on plantations. The former LO President Wanja Lundby-Wedin currently sits on the board of Fairtrade International.

LO's commitment to Fairtrade also provides an opportunity for linking fair conditions in other countries to the issue of fair conditions here in Sweden. For the LO Executive Council fair conditions in the Swedish labour market are a matter of decent working conditions through collective agreements. It is therefore natural to have particular expectations of the companies and organisations that are involved in Fairtrade and/or market such products, that they will take their responsibility in Sweden as well. The activities of LO and its affiliates can increase here, to persuade these companies and organisations to understand the trade union perspective. However, it is the task of the trade unions to enter into collective agreements, so that a lack of collective agreements in Sweden does not have an adverse effect on growers and employees in countries where there is widespread poverty.

It is a matter of using methods that enable our trade union way of working to be strengthened by the interest and involvement that Fairtrade enjoys. In the same way the Swedish Trade Union Confederation and its affiliates can take an active position when purchasing and procuring products that are Fairtrade-labelled. LO already does this to a large extent as regards for example fruit, roses, presents, textiles etc. This work can, however, be developed and systematised.

The LO Executive Council is fundamentally in agreement that LO and its affiliates should work to ensure that municipalities, county councils and the business sector reward the use of Fairtrade labelled goods in their own consumption and in procurement. However, the Executive Council takes the view that it is up to each affiliate to decide how and to what extent such advocacy should be conducted.

The LO Executive Council proposes that Congress resolves

to approve motion 15.5, first clause and to consider motion 15.5, second clause answered.

Motion 15.6

15.6

that LO investigates the possibility of starting a Swedish ethical initiative as soon as possible together with its affiliates. This includes identifying important actors for a future ethical initiative in Sweden as well as

inviting TCO and Saco to work together with the trade union framework organisation Union to Union to investigate and possibly establish an ethical initiative in Sweden.

Statement

Motion 15.6 takes up the question of a Swedish initiative for ethical trade. The discussion of the responsibility of different actors for ethical trade and human rights in working life has changed in the past decade. It has become clearer that States, companies, local and regional agencies, consumers, investors, all have a responsibility to ensure that human rights are respected.

The past decades' changed production patterns within companies also affect our trade union work. As long as it is a matter of employees and employers we have the traditional tools of education, negotiation and collective agreements. As regards companies' entire production chains, however, the challenges are greater and more difficult. An extended argument on this can also be found in the statement on motion 15.7 about a trade union strategy for the global value chains.

The motion describes developments in Norway, Denmark and the United Kingdom and states that the initiatives in these countries have proved to be an effective model for promoting ethical trade. The model is based on cooperation between civil society, the trade union movement, employer organisations and companies, as well as the public sector.

The question of a corresponding Swedish initiative/platform for ethical trade is not new. It has been discussed over the years and various projects have been developed with a bearing on these issues. These have mainly concerned focusing on different sectors, such as the textile industry (Rena Kläder-Clean Clothes) and the tourist industry (Schyst resande - Decent travelling). The internal LO trade union process has mainly included discussions within the framework of the LO International Committee.

Talks and exchange of experience have also taken place together with other actors, hosted by the LO-TCO Secretariat of International Trade Union Development Cooperation (now Union to Union).

LO's own work connected to companies and human rights in recent years has meant developing, in cooperation with the affiliates, a model for an international framework agreement for human rights and conditions in working life. Further, LO has worked with the OECD Guidelines for Multinational Enterprises and the UN Framework for Business and Human Rights.

In the framework of the "Play Fair" project LO, together with several of its affiliates, is working on the issue of human rights and sports events. Part of this work is directed at

companies and sponsors in the construction sector, the tourist sector and the textiles sector. Other examples are LO's membership of the Fairtrade association and ownership of the Fairtrade trademark in Sweden. Apart from this, LO is working on the issue of human rights and ethical trade in the investment chain in the context of the Committee on Workers' Capital.

The view of the LO Executive Council up to now has been that cooperation with the business sector on matters concerning human rights linked to ethical trade has a greater chance of success with individual companies, as the Confederation of Swedish Enterprise has shown little interest in the matter. The conclusion has then been that cooperation primarily needs to proceed from the national unions. This is not to say that LO has no role to play in the process.

Motion 15.6 describes how companies and others now work with ethical trade or corporate responsibility. The LO Executive Council notes that there is now a large industry of accounting firms and consultants around companies working to build up knowledge, controls and monitoring. There is often a marked willingness to find forms to improve working conditions in the corporate chain. But the approach and the work have crucial deficiencies. This method of work builds on someone from the outside representing the workers' interests in other parts of the world. Our own trade union method of work is concerned with how we strengthen workers in the companies and the corporate chain so that they themselves can raise their voices and influence their working conditions.

In the past 10-15 years, different forms of corporate-run forums for corporate social responsibility have emerged. Trade union influence is often very small there. The ambition to have a Swedish platform/initiative for ethical trade would in that case be that the trade union perspective is a natural starting point and that trade union influence would then be greater than in the entirely company-owned initiatives/forums.

Apart from the companies' own forums and organisations there are also different interest organisations that work on the issue of ethical trade and human rights. In Sweden there is for example Swedwatch and FairAction (formerly Fair Trade Center). International examples are the Clean Cloth Campaign and SOMO (based in the Netherlands), that work with investigations and shaping public opinion on multinational companies. In the OECD there is OECD Watch, which is a network of civil society organisations.

The key principle for the trade union and civil society organisations (CSO) in the field of human rights is basically the same: to improve human rights and conditions in working life. Individual interest organisations often have great knowledge and, like the trade union movement, have a broad network of contacts. But there are decisive differences. The trade unions represent workers and are responsible for dialogue and negotiations with companies.

The focus is on long-term improvements through trusting contacts with companies. A public discussion is seen as a last resort among trade union representatives.

Other organisations work differently. They are outside the companies and have a more public way of working through media, reports and campaigns. Often with deep knowledge and many times in contact with organisations in countries they affect. However, there are some examples of when these perspectives come into direct

conflict with each other.

At the same time the trade union movement has a long tradition of working together with the organisations of civil society, both in Sweden and internationally. The growing interest in consumer power is also an important force for improving conditions of work and forming opinion on human rights in working life.

It is important that the trade unions participate actively in the discussion on ethical trade and the responsibility of all actors for human rights and that they lead this process. Otherwise the matter of human rights and ethical trade risks becoming an issue that other actors take over more and more. With the trade union perspective as a compass and realising that we do not possess all the knowledge and all the solutions ourselves, we can go far together with others.

A Swedish initiative/platform for ethical trade should offer a platform for exchange of experience and spreading of information about our view of Decent Work, but also take its cue from the trade union work for companies' value chains as well as link to the Government's ongoing work on the concept of a "Global Deal".

The LO Executive Council wishes, however, to point out in conclusion that such an initiative will require both economic and human resources already in the initial stage and it is important that all actors who show an interest in the matter should also be able to contribute with these resources.

The LO Executive Council proposes that Congress resolves
to approve motion 15.6.

Motions 15.7 and 14.62, sixth clause

15.7

that LO prepares material forming the basis of a joint trade union strategy for sustainable production and fair distribution of profits in the global value chains,

that LO reviews new possibilities for more coordinated trade union work to increase knowledge of the global value chains and thus enable better monitoring of trade union rights in Swedish multinational companies and

that LO, through the ETUC and ITUC, work to ensure coordination of global trade union action on multinational companies' value chains.

14.62 sixth clause

to instruct the LO Executive Council to work to ensure that Sweden ratifies ILO Convention 94.

Statement

Global value chains currently pose one of the greatest challenges to the national and global trade union movement. Economic globalisation is not new, it has been going on since the 1980s at an escalating pace up to the present. When 1136 people lost their lives in April 2013 in a textile factory in Rana Plaza, Bangladesh, the general public was made aware of the high price local workers have to pay for the constant hunt for lower production costs.

The production processes of goods are globalised in that production is fragmented and localised where the cost is lowest, thus maximising profit for the producers. Characteristic for the production systems is that they are mainly located in areas where the trade union organisation rate is non-existent or very low and the conditions of work are far inferior to the standard in industrialised countries.

The International Labour Organization (ILO) estimates that one in five workers in the world work within the global value chains. It is difficult to estimate the number of people that directly or indirectly work in these value chains, but there is consensus that the number is steadily growing. According to the OECD/WTO about 60-80 per cent of world trade passes through a number of different production chains.

The lack of trade union influence and basic rights for workers in the production chains has been well known for a long time. In light of this, the Executive Council considers that the intention of the motion is very important. LO's affiliates conduct strategic work in their industrial sectors to strengthen in various ways the rights of workers in international companies associated with the industries the affiliates represent. The intention of the motion is to instruct LO to draw up a joint strategy and to coordinate the LO affiliates. In that way more effective opportunities are achieved to promote workers' rights in multinational companies and in the global value chains.

A fundamental task for LO is to coordinate its affiliates on various political issues to create conditions for more effective advocacy. Consequently, the Executive Council considers that the motion proposals will not only give the right conditions for strengthening LO and its affiliates' voice in relation to the ETUC and the ITUC, but also for increasing LO's voice in

relation to employers and other relevant decision-making bodies.

In order to uphold conditions in the labour market it must be possible to impose conditions concerning Swedish collective agreements. ILO Convention No 94 on labour clauses in public contracts creates conditions for setting up sound conditions of work and combating wage dumping. LO has exhorted the Government on several occasions to ratify Convention No. 94. The Government responsible has mainly stated that Convention 94 may contravene the EU Directive on public procurement and has therefore omitted to ratify.

LO has rejected this objection and stated that already now nine EU countries have joined the Convention, including Denmark and Finland.

LO also contributed actively to the Social Democratic Party congress resolution in 2005 in favour of Sweden's ratification of ILO Convention No. 94.

Moreover, it can be mentioned that in October 2015 the Riksdag gave its support to ratification of ILO Convention No. 94 and has notified this to the Government.

The LO Executive Council proposes that Congress resolves
to approve motions 15.7 and 14.62, sixth clause.

Motion 15.8

15.8

to instruct the LO Executive Council to work to ensure that the trade union movement and the Social Democratic Party work actively to introduce a social protocol in the EU to protect trade union and human rights.

Statement

The LO Executive Council welcomes motion 15.8 as it deals with a question of great importance to LO and the Swedish trade union movement. The motion raises the demand that a social protocol be annexed to the EU Treaty to protect trade union and human rights.

Since 2008 LO has pursued the demand for a social protocol establishing that fundamental human and trade union rights are not subsidiary to the economic freedoms in the internal market. In the event of a conflict, the former are to have priority.

The 2012 LO Congress resolved to demand that a social protocol be annexed to the EU Treaty. Fundamental trade union freedoms and rights shall not be subordinate to the EU's economic freedoms. In the event of conflict trade union freedoms and rights shall have priority. If a social protocol cannot be realised it will be necessary for LO to require a legally binding exemption for the Swedish collective agreement model.

Just as the proposer of the motion writes, LO's demand for a social protocol can only be realised if Sweden and other Member States make it a clear requirement in connection with a coming amendment of the EU Treaty.

Consequently, LO has worked actively since the Congress to create as much political support as possible for our demand for a social protocol.

Directly after the 2012 Congress a working group was set up with representatives of LO and the Social Democratic Party to draw up a joint strategy for realisation of our demand for a social protocol.

In November 2013 LO and the Social Democratic Party agreed on a joint approach ahead of the coming amendments to the EU constitution, the Treaty.

In brief it means that when there is a major amendment to the Treaty, through the ordinary amendment procedure, the demand for a social protocol must be absolute and a condition for the participation of the Social Democratic Party in ratifying a Treaty amendment in the Riksdag. For minor, very limited amendments to the Treaty, it must be determined from case to case whether ratification should be conditional on the inclusion of a social protocol.

In the 2014 Statement of Government Policy the Government established that 'equal pay for equal work in accordance with laws and agreements in the country of employment is a principle that must apply throughout Europe. The Government will initiate efforts to bring about a change to the EU treaties, establishing that the free movement of companies cannot be used to circumvent national laws and collective agreements.'

The next step in the process was to try and broaden the work and seek support from

political parties in other Member States. Consequently, LO, together with the Social Democratic Party, took the initiative for a joint effort with the social democratic parties in Germany and Austria and the central trade union organisations DGB and ÖGB.

In September 2015 the leaders of the organisations met in Vienna to adopt a joint agreement. In the agreement, the six organisations establish that they are to work together to strengthen trade union rights in the EU treaties as soon as possible. This must be through the addition of a social protocol to the Treaty. Whether such a protocol is included in a coming amendment to the Treaty should also be a decisive criterion, when the parties included in the agreement decide if they are to support the amendment in their respective national parliaments.

The next step in the work is to get more political leaders to join the agreement. The ambition of the Executive Council is to be able to announce this year that political parties from a majority of the EU Member States have joined the agreement. In the opinion of the LO Executive Council, this would make it impossible to ignore the issue in future amendments to the Treaty.

LO has also been proactive in creating a clear common position within the framework of the European Trade Union Confederation (ETUC). At the 2015 Congress, the ETUC established that we will not accept more amendments to the EU Treaty without a social protocol that strengthens trade union rights.

The Executive Council is aware that this does not mean the work is done. As the proposer writes, LO must pursue active advocacy until our demands are met.

It is impossible to say for certain when the next amendment to the EU Treaty will be. One assessment based on the information available today, is that the next amendment to the Treaty will probably be to enable consolidation of the monetary union. In June 2015 the chairs of the European Council, the European Commission, the European Parliament, the Eurogroup and the European Central Bank presented a joint report on the future of the euro area, which proposes changes to the Treaty in the period 2017-2025. The LO Executive Council will not accept such an amendment without a social protocol. With this clearly established and with the support of the agreements we have made with the Social Democratic Party in Sweden and internationally, LO will continue our advocacy in accordance with the motion's approach.

The LO Executive Council proposes that Congress resolves
to approve motion 15.8.

Motion 15.9

15.9

that LO and its affiliates strongly influence the Swedish Government and our members of the European parliament to abolish 92/106/EEC, the Combined Transport Directive.

Statement

The LO Executive Council considers that the aim of the Combined Transport Directive (EEC) 92/106 is commendable. The ambition is to promote intermodal transport so as to increase the proportion of goods transported by rail or sea instead of on Europe's very busy roads. Intermodal transport means that a unit of goods is transported using several different modes of transport. For example, a container may be transported by rail through Europe and then reloaded for onward carriage by road.

However, a law that is theoretically correct is not sufficient, it must also work in practice. According to the Executive Council it is clear that the Combined Transport Directive in its present form contributes to unfair competition and social dumping in the European labour market. The Directive should therefore, just as the proposer of the motion suggests, be abolished.

The Combined Transport Directive makes it possible for companies to permanently station trailer pullers in Sweden to carry out transportation from harbours and intermodal terminals at the wages and working conditions applicable in the driver's home country. This is an unacceptable situation. Swedish wages and working conditions must apply in the Swedish labour market.

As the European Commission has announced a legislation package for road transport that is to review the regulations surrounding both market entry and social conditions in the industry, this is a matter that should have priority during the Congress period.

Naturally a forwarding agent should be able to ship through Europe using a combination of modes of transport. When reloading takes place at an intermodal terminal or harbour for onward carriage within Sweden the vehicles should, however, be registered in Sweden and Swedish wages and working conditions in accordance with collective agreements should apply. This does not prevent legitimate companies from conducting business in Sweden. On the contrary, it would increase the chances of creating good order in a part of the labour market where legitimate companies are now being outcompeted at an alarming rate.

The LO Executive Council is aware that the abolition of the Combined Transport Directive alone will not solve the problems that exist in the European road transport market. LO will need to work closely with the affiliated unions concerned and European trade union organisations to ensure good working conditions and competitive neutrality.

The LO Executive Council proposes that Congress resolves
to approve motion 15.9.