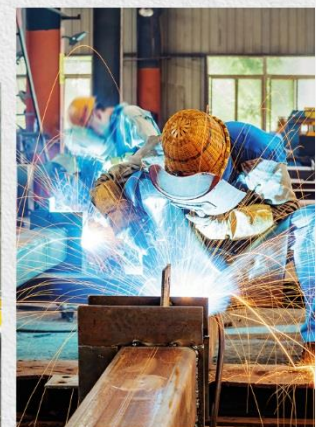


 **industriAll**
EUROPEAN TRADE UNION

MANUFACTURING OUR FUTURE!

IndustriAll Europe's Action Plan for the Future of European Industry



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Europe needs Industry, Industry needs Europe

Industry is a major contributor to wealth and job creation in Europe. 36 million jobs are directly linked to European industry. Moreover, each job in industry creates at least one additional job in services. Today, industry (energy and construction included) represents 25% of European GDP and employment. It accounts for 65% of R&D investments and 75% of exports.

Following the outbreak of the financial crisis in 2007, industrial employment in Europe decreased by 10% or 4 million jobs, but since 2013, almost 2 million new jobs have been created in industry directly. This shows the strength and resilience of Europe's industry in a rapidly changing industrial landscape.

European industry is at a crossroads, making European industrial policy more relevant than ever. Among the challenges ahead is the ongoing process of **globalisation**. Although European markets are the most important outlets for our industrial production, large sections of European industry are more and more dependent on external exports and on being part of complex cross-border value chains in an increasingly globalised market. Globalisation has also led to fundamental and rapid changes on the global market for goods, capital and labour. One example is the appearance of new big players like China and India in the East. At the same time, we face the steady rise of 'America First' policies, resulting in a growing risk of trade wars, from which there would be no winners, only losers. These very fundamental global changes call for European rather than national strategies and responses.

Digitalisation, too, has triggered a new industrial revolution in several industrial sectors. Digitalisation of both production processes and final products is overhauling the way we develop, design and manufacture our products, how we do trade and how we organise work and our workplaces. Digitalisation brings about the challenge of guaranteeing access to the **supply of raw materials** like non-ferrous metals and rare earths.

Climate change and the widespread societal will to transform to a more sustainable and low carbon economy is a condition our industries must adhere to. The transformation to low carbon economies calls for major transformations in all industrial sectors. The transition to a more **circular economy** (not only recycling but also remanufacturing and reuse) will be key for developing a sustainable and resource-efficient industry. The same goes for the whole “mobility industry” because of the demand for reductions in carbon emissions and the growing trend towards urbanisation. The **low carbon economy** will lead to major changes in most existing industrial sectors. Some traditional industrial sectors may be able to develop new business opportunities while others may experience a need for painful transformation. Therefore, the European Union has to take on the responsibility to support those industries and regions that will feel the negative impact of joint political decisions to reduce carbon emissions to engage in the circular economy.

The **scars of the financial crisis** run long and deep, with a growing concentration of wealth and power in fewer hands, fragile and precarious job markets, and a growing number of working poor. The remnants of the crisis are also fuelling protectionism and populism, not least in old industrial heartlands.

For European industry to remain performant globally, also in the long run, a voluntaristic and ambitious industrial policy is needed. This policy must be based on strategic visions on the long-term future of Europe’s industry. What’s more, Europe’s industry must remain a frontrunner in delivering the solutions for the many societal problems we are confronted with: mobility, an ageing society, sustainable energy, global warming and digitalisation. To support industry in tackling all these challenges, an orchestrated and holistic approach at European level is badly needed. National industrial policies alone cannot live up to these challenges. Industrial policy is one of the areas where **“more Europe can make a positive difference”**.

The guidelines for a European industrial policy and the necessary transitions must be based on good **quality** products, which have long life durability, are recyclable, limit environmental impact, are safe to use, meet the highest cybersecurity standards, are competitive, etc. Quality products go together with quality production processes and quality jobs. In addition, **fairness** should be a cornerstone in a European industrial policy embodied in adequate competition rules for companies and among national economies, fair taxation and fair distribution of the wealth created between labour and capital and along value chains. Only through this type of fairness can we accomplish a **“just transition”** of our industries - both in relation to the industries themselves and to the industrial workers.

IndustriAll Europe is of the opinion that the EU has to **reconstruct Europe’s industrial capabilities** and **increase the share of manufacturing in GDP to 20% again**. IndustriAll Europe believes that the EU cannot passively accept the decline or stagnation of European manufacturing activities and jobs. Europe was at the bedrock of the first and second industrial revolutions. It should also remain at the forefront during the current low-carbon and digital industrial revolutions. This will not so much require a debate about ‘more’ as opposed to ‘less’ Europe, but rather one about a ‘better’ Europe. In this action plan, industriAll Europe wants to show how the principles of quality and fairness can contribute to a strong and world-leading European industry. This document attempts to seize the opportunities for creating added value and jobs in a modernised industry, built on digital and low-carbon technologies. It also aims to prepare workers, sectors and regions for the structural changes they will have to face in the future.

European industry is indeed at a crossroads, but nobody should be left behind as we navigate through the challenges facing both industry and its workers. It is clear to industriAll Europe that workers’ involvement from shop floor to strategic decision-making is a key condition for a successful journey towards a sustainable, knowledge-based, resource-efficient and high-performance industry. Industrial renewal and a thriving industry are only possible on basis of quality jobs and committed workers.

The European Commission acknowledged that countries with well-developed social dialogue mechanisms have been performing better. Social Dialogue on various levels, company, sector, national and European is key to tackling economic and industrial challenges jointly in cooperation between workers and employers. Especially when facing major challenges, e.g. the clean energy transition, digitalisation and globalisation, social dialogue is the tool to anticipate change and to define common strategies for companies and its workforce to renew and successfully manage change. IndustriAll Europe is engaging in Sectoral Social Dialogue at European level in 11 sectors. In these social dialogue committees, defining a coherent industrial policy strategy that creates favourable framework conditions for our industrial sectors to grow is a shared concern with the employer associations.

IndustriAll Europe is convinced that our sophisticated social model creates the right framework conditions for a successful industrial transformation, capable of stopping the erosion of manufacturing and creating new decent jobs. This will, in turn, contribute to European social cohesion and to the attachment of European citizens to the ideals of the founders of Europe 'to make progress in improving work and living conditions'.

1. Empowering workers starts with quality jobs and employment security

Europe is finally getting back to work, and unemployment rates have started to decline. However, the quality and sustainability of the jobs that have been created give cause for concern. Many of the new jobs are temporary (20% of all jobs) and part-time (14%). At the same time, the transition rate towards permanent full-time jobs is low. Underemployment (involuntary part-time and 'discouraged' workers – people no longer available for the labour market) is still much higher than before the crisis. The percentage of "working poor" (household income below 60% of the median income) has risen to almost 10%. Additionally, the labour market is becoming increasingly polarised resulting from the sharp decline of middle-skilled jobs, mainly in industry and construction.

IndustriAll Europe believes that it is now high time to re-establish our European social model, by reaffirming and reinforcing workers' rights, social dialogue and collective bargaining. It is also high time for a new approach to wage policy. The imperative that 'any job is better than no job' has to be replaced by the promise of 'more but better jobs'. For industriAll Europe, skilled, committed and loyal workers are not a cost but an asset, and key drivers for economic performance. An innovative, knowledge-based economy cannot be built from a de-skilled, low-paid and precarious workforce. Therefore, industriAll Europe welcomes the European Pillar of Social Rights which could, on condition that it is accompanied by a clear roadmap for the implementation of its 20 principles, become a catalyst to restore the European social market economy, to promote secure jobs and fair wages, enhance social investment and create a reasonable work-life balance.

In industriAll Europe's view, there does not have to be a trade-off between quantity and quality of jobs. To the contrary, the process of 'bad jobs driving out good jobs' (leading to social dumping) has to be replaced by policies that turn bad work into quality jobs. This means:

- a) Access for all to **standard full-time open-ended employment contracts** and employment security.
- b) **A rise in real wages** in order to catch up with productivity increases. Indeed, from 2000 to 2016, real productivity per person employed grew by 14.3% while the growth in real compensation was only 10.2%.
- c) **Rebalance European economic governance** by putting social values at the same level as economic freedoms.
- d) **Implementation of the European Pillar of Social Rights** as part of a paradigm shift, away from austerity, replacing deregulation of labour markets by stability of the wage share in national income and employment security for workers, resilient social systems, a tool against social dumping. The EPSR should be turned into a credible roadmap with binding legislation, clear commitments and shared priorities, integrated in the European Semester and in fiscal and economic surveillance.
- e) **Structural reforms that lower employment protection and deregulate labour contracts need to be phased out** as they are counterproductive. Indeed, policy mistakes made by the EU and Member States have made the recession longer and deeper than it need have been. Austerity and trapping millions of people into no or bad work did not help the economy.
- f) **Combating in-work poverty** by dedicating special attention to the lower wages, e.g. by a law or collective bargaining agreements.
- g) **Reinforcing labour legislation**, welfare systems, social dialogue and collective bargaining institutions and re-establishing them where they have been dismantled.
- h) Turning the Youth Guarantee into an overall **Employment Guarantee** for all low-skilled people who are unemployed: an offer of good-quality employment, training or education within four months of becoming unemployed.

- i) **Safe and healthy workplaces** and a work organisation that enables workers of all ages to remain in work until retirement age.
- j) Respect for working time, **a good work-life balance** and gender equality.
- k) **Reduce the persisting wage gaps** inside Europe by moving industry up the value chain, investing in skills and regional development strategies.
- l) **Regulation of the gig economy** to protect digital, self-employed and non-standard workers.

2. Skills are key

Ensuring that everyone is equipped with the skills that are relevant for the labour market while ensuring personal work-life expectations is a priority for industriAll Europe, but on condition that high quality training provisions go hand in hand with access to quality jobs. Indeed, skills are important as a catalyst for innovation and creation of value added. A world-class industry relies heavily on a qualified workforce at all skills levels, knowledge and competences. Building a learning society is therefore a basic condition for building an innovative and competitive economy. Globalisation forces a European industry that cannot compete with emerging economies on wages to upgrade. In a fast-changing industry, skills are key for workers not only to increase their employability but also for job security, social integration and better opportunities in life. However, to industriAll Europe, employability of the workforce can never be reduced to the individual responsibility of the worker. To the contrary, increasing employability requires comprehensive labour market strategies involving all relevant stakeholders (social partners, labour market institutions, training providers). Currently, 70 million adult Europeans are lacking adequate training and writing skills, while 169 million (44%) do not have basic digital and numeracy skills. At the same time, we are confronted with striking skills mismatches. There will be 825,000 unfilled vacancies for ICT professionals by 2020. Skills mismatches exist for other technical staff at all levels of education. Furthermore, digitalisation is reshaping almost all of our sectors, necessitating re- and up-skilling of the workforce.

Investing in the promotion of quality education, training and professional development throughout the working lives of the workforce will require a persistent and continuous policy, including:

- a) Building **skills intelligence** on emerging and disappearing occupational profiles and on future skill needs and timely **action to avoid future skills mismatches** (e.g. by means of Sectoral Skills Alliances based on social partnership at European level, and by strategic employment and skills planning at company level).
- b) Providing **career guidance** at the early stage as well as throughout the career to support both workers' lifelong employability and adaptation of skills to the labour market needs.
- c) Granting full and equal access to training thanks to an **individual right to training** ensured by collective agreement if not by law, as well as a paid educational leave.
- d) **Involving sectoral social partners** as well as local industry in the governance of education and training systems for they have extensive knowledge of companies' systems as well as local market needs.
- e) More opportunities to **validate non-formal and informal learning** in order to recognise the competences acquired on the shop floor.
- f) Promotion of **transversal soft skills** such as teamwork, communication, creative thinking, problem solving, and first and foremost ability to learn.
- g) **Integration of digital skills and competences to all levels of education and training.** All sectors and professions are affected by digitalisation in one way or another. In this respect, industriAll Europe cannot accept that digitalisation is (ab)used to reduce the autonomy and competences of workers (with negative consequences on wage levels).
- h) **Keep older workers in the workplace** by adapted training opportunities (languages, digital skills) and by a systematic approach to mentorship for organising the intergenerational transfer (to disseminate the 'silent know-how' on the shop floor).
- i) Special attention for **the needs of SME's** as large companies often have the means to attract or train the necessary skills.
- j) Improve the European qualification framework in order to provide quality assurance of VET and ensure the identification, recognition and transferability of acquired competences and skills across occupations, education systems, companies, sectors and countries.

- k) Initial and vocational education systems must ensure that young people and adult workers acquire both basic skills (literacy, numeracy), STEM skills (in sciences, technology, engineering and mathematics), transversal skills (analytical thinking, problem solving, communication, ability to learn...) as well as digital skills demanded by the labour market and required to strengthen their employability.
- l) Lifelong learning programmes should be established to enable workers to have access to stimulating learning experiences at any stage of their lives, either for individual or for professional reasons. Indeed, a culture of lifelong learning enhances social inclusion, personal development, professional skills and active citizenship.
- m) Member States should deliver on the **commitments they made in the EU 2020 strategy**: invest at least 2% of GDP in higher education, reduce early school leaving to below 10%, ensure at least 40% of 30-34-year-olds complete third-level education, get at least 15% of adults into lifelong learning, etc. Public investment in education and training as well as companies' financial contribution must be scaled up.

3. Investing in a long-lasting economic recovery

After almost seven years of harsh financial and economic crisis (2007-13), the EU is now already in the sixth year of economic recovery. Nevertheless, it has to be mentioned that some countries and sectors in Europe are still struggling.

From a currency union in turmoil, the EU has started to become a surprising economic success. Although economic growth might be higher, it is robust. However, there is no reason for complacency as the financial crisis left significant scars that need to be addressed urgently. The process of wage convergence between western and central Europe has come to a standstill. Overall wage growth is subdued or even negative while the share of labour in GDP is shrinking. Structural imbalances were corrected by means of internal devaluation, a nicer word for wage cuts and dismantling of collective bargaining, labour protection and social security systems. Income inequalities and the number of working poor have increased as a result. In a context of stagnating demand, these neo-liberal deregulation policies only intensified the crisis. For that reason, industriAll Europe has always opposed austerity policies as being economically counterproductive.

Therefore, in industriAll Europe's view, the recovery remains incomplete and needs further consolidation. The hard graft of prolonging the recovery and protecting our economies against a future downturn has to start now. At all levels, investments in sustainable, long-term industrial projects have to be promoted.

For industriAll Europe, the foundations for steady economic growth and long-term economic recovery need to be strengthened:

- a) Fiscal austerity has led to deep cuts in public and private investments. Now, most Member States have reduced their deficits to far below 3% and this leeway must be fully used to **promote public investment**, which has hit an all-time low. At European level, investments can be supported by further extension and strategic orientation of the European Fund for Strategic Investments, the introduction of project bonds or the creation of the Innovation Fund and the Modernisation Fund for promoting and supporting real innovations (part of the implementation of the Energy Union). IndustriAll Europe fully supports the introduction of **a golden rule on public investment** by expanding the current "investment clause" significantly. Public investment should be excluded from the deficit criterion for all investment categories that benefit the economy (not just for projects that are co-financed by the EU).
- b) **Private investment** has to be encouraged. It is key to supporting the economic recovery. Currently, the level of investment in relation to GDP is only 19% against 22.7% historically. Companies should reinvest their profits in the creation of value added and jobs rather than paying super-dividends or buying back their shares. This requires a stable and predictable investment environment and a stimulating macro-economic policy. The institutional underpinning of the EMU is not fit for purpose. The financial crisis revealed the flaws in its architecture (one exchange rate, one interest rate, but high economic divergence). In future, harsh policies of 'internal devaluation' must be avoided at all costs. Significant **deepening of the EMU** (without an agenda for pushing through neo-liberal reforms) will be necessary.
- c) Boosting domestic demand by finally putting an end to austerity policies by a more pronounced **acceleration in wages** to align wages again with an increase in productivity.
- d) Shifting the **tax base** from labour to the environment and wealth.
- e) Putting an end to the **increasing degree of financialisation** of the economy by establishing rules that restore the basic functions of the financial sector: collecting savings and turning them into productive investments in the real economy. Additional regulation has to avoid a new surge of shadow banking, speculative short trading and to address the negative impact of activist shareholders on long-term company strategies.

4. European industrial policy in support of sectors and regions

Macro-economic and industrial policy are mutually reinforcing. Industrial policy will never deliver if it is combined with a contractionary macro-economic policy. On the other hand, the current economic recovery has created a window of opportunity to restore the fabric of Europe's industry and to tackle the multiple and unprecedented challenges industry has to face, including: upgrading Europe's industrial structure; maintaining and creating quality jobs; turning knowledge into innovation and innovation into marketable products; balanced regional development; supporting the transition to a low-carbon economy; an ageing society; promoting and regulating digitalisation; addressing the challenge of big emerging economies and state-led industrialisation. Industrial policy has to take the lead in providing solutions for societal challenges and provide directions towards new paradigms which do not come about spontaneously from market forces (internet, GPS, and a decarbonised economy are outcomes of public policy).

In this respect, industriAll Europe would like to emphasise the following:

- a) the importance of **sectoral industrial policies** to maintain industrial diversity and a broad industrial base inside the EU. IndustriAll Europe supports targeted action plans for all sectors/supply chains of strategic interest or confronted with structural change:
 - i. (Sub)Sectors and value chains with a strong growth potential, rapid technological change (e.g. the key enabling technologies) or faced with strong international competition.
 - ii. Energy-intensive sectors that must move to more sustainable structures and even completely decarbonise by mid-century.
 - iii. "Premium strategies" for low- and medium-tech industries to support their structural upgrading by leveraging their innovation potential and by improving their production processes.
- b) European industrial policy has an important **regional dimension**. Europe's industrial development shows severe imbalances which also reflect strong agglomeration features of industrial activity. The potential of regions for industrial modernisation, strengthening of innovation systems, promoting diffusion and absorption of new technologies and sustainable economic development, deserves to be fully unlocked. Special attention has to be given to less developed and industrial transition regions, to interregional cooperation to exchange best practices, and to the promotion of innovative clusters. In this respect, "smart specialisation strategies" at regional level are an important lever to build a critical mass of R&D, innovation and investment capacity in highly promising activities, combining advanced technologies and local competences, also in traditional industries.
- c) **Structural funds** are the most important tools at EU level for addressing regional imbalances and for supporting the victims of structural change. The structural funds should, however, not distort competition between companies and provoke relocations from one part of the Union to another.
- d) European funding should also focus on the promotion of regional R&D and innovation infrastructures: research centres; incubators; science parks; support to innovation networks; promotion of innovation diffusion; and a general upgrading of education and research systems.
- e) **Public procurement** (14% of GDP) is an important lever for added value and jobs. Its potential should be fully exploited by integrating innovative, green and social criteria in public tenders instead of just looking for the lowest price. The MEAT-principle (Most Economically Advantageous Tender) which puts more emphasis on lifecycle costs, on environmental objectives and on social

considerations, is a powerful tool for spending public money in an efficient, sustainable and strategic manner and deserves much more promotion. Furthermore, the provision in the revised European framework on public procurement, which makes it possible to reject bids in public tenders if more than 50% of the value is added outside the EU deserves broader attention.

- f) The proposal of the European Commission for an **International Procurement Instrument has to be swiftly approved**. Indeed, this instrument would allow, if discrimination of EU companies in procurement markets is proven, to consider goods and services from the country concerned as offering a higher price (up to 20% more) than the one they have put forward, thus providing European goods and services a competitive advantage.
- g) **Intelligent, dynamic setting of European-wide standards** can reduce risks for innovators and purchasers by aggregating demand in fields that might otherwise be spread too widely over multiple solutions. Standards provide legal certainty to innovators. Standards can also encourage innovation if they are set at a demanding level of functionality without specifying which solution must be followed, hence opening the door for innovation.
- h) **Better mainstreaming** of industrial policy across all policy levels (between DGs, Member States, regions) should increase the efficiency of industrial policy. Ownership of Europe's industrial policy at national and regional level should be enhanced. Long-term EU action plans (EU2020, climate plans...) should be mirrored by industrial action plans. A comprehensive approach of creating synergies between different industrial policy initiatives (circular economy, sustainable transport, trade, digitalisation, innovation, investment, skills, energy, regional policy) would definitively contribute to maximising the impact of industrial policy. Finally, a better economic and statistical analytical framework is needed for analysing the dynamics of industrial developments.
- i) Strategic planning of and adequate public finance for the **modernisation of Europe's industrial infrastructure**: trans-European networks for transport (rail), energy, and communications logistics, intermodality of transport, (air)ports and harbours, business parks, research infrastructure, etc.
- j) A **reform of Europe's competition policy** to support industrial collaboration along the value chains and to maintain/create European champions in globalised supply chains. Europe's competition policy may not lead to the destruction of integrated value chains and may not impede the creation of ambitious European industrial projects (Airbus, Ariane, Galileo, etc.)
- k) The expected revision of the **Rulebook on Market Surveillance** has to be welcomed but better coordination between authorities is also highly needed (through setting up an EU agency).
- l) Member States must maintain the possibility to support key industries by means of the creation of public companies or developing public services.

5. Digitalising European industry should be a process of shared progress

Digitalisation is the networking of any object and any person, at any time, in any place, and the automated and autonomous processing of the resulting data. In industry, it leads to the digital integration of all processes: design, manufacturing (the "Industry 4.0" concept), maintenance and administration. This digital integration has the positive potential to deliver huge gains in productivity, reliability, adaptation to customer needs and speed, on all scales (from an individual machine to a whole production system). It can significantly improve the comparative advantages of European manufacturing, and thereby protect or even reshore industrial jobs. Thus, in the view of industriAll Europe, the digitalisation of European industry cannot, and should not, be stopped. But it has to be framed, regulated and controlled. European industry will be digitalised, or it will cease to exist, being overtaken by more efficient and faster competitors. Our duty, as an industrial trade union, is to shape digitalisation for the welfare of all members of society, and of all industrial workers. On the other hand, the negative consequences of digitalisation on existing jobs are potentially massive. The proportion of human jobs that are at risk of being replaced by digital technologies is estimated at between 12% and 45% for the whole economy. These threatened jobs are mostly routine jobs typical of industry, including white-collar jobs.

Digitalisation also has specific effects, beyond the productivity gains that have been common to all technological transformations of industry in history. It concentrates power and wealth in those companies controlling the platforms, the software or the data, thereby depriving all other companies along the value chain with the capacity to invest, to innovate and to provide good wages and working conditions. Digitalisation also challenges the foundations of the permanent, full-time employment relationship based on collective agreements, because all functions of this relationship (including the control of the task) can be performed individually, automatically and remotely.

Consequently, workers are placed in a worldwide competition for price, and precarious work with individualised terms & conditions is exploding (freelancers, bogus self-employment, crowdsourcing). They can be submitted to unprecedented levels of control over their work (with cameras, sensors, automated supervision). On the more positive side, digitalisation enables the traceability of industrial processes along value chains, for the sake of the Circular Economy or of the monitoring of social and environmental conditions of manufacturing (e.g. in garment and footwear). It also facilitates the democratic cooperation between workers.

From an **industrial point of view**, industriAll Europe wants European policies to support a digitalisation of industry that favours a fair distribution of wealth creation, and that leverages its opportunities for the public interest. Such future policies would:

- a) Contribute to **industrial development** in Europe:
 - i. Explore the potential of digital technologies for solving our **"grand societal challenges"** (energy- and resource-efficiency, climate change, mobility, health).
 - ii. Restore a **leading industrial position** in **electronic components and systems**: set up an Important Project of Common European Interest (IPCEI) for the public-private investment in an autonomous European capacity to design and manufacture the micro-electronic components and systems which underpin the whole digital economy.
 - iii. Support the development of **new ICT sectors** like Big Data, Cloud Computing, Artificial Intelligence and Advanced Manufacturing.
 - iv. **Industrialise** and **automate** the **Circular Economy** processes of maintenance, repair, disassembly and recycling.
 - v. Support the development of **digital skills** necessary for industry as a tool for the industrial competitiveness of our companies.

- vi. Invest in **broadband infrastructure**, in all regions and all Member States.
- b) Support European **values**:
 - i. **Mandate** ambitious standards for the **security** and **confidentiality** of data in European networks and “cloud” infrastructure.
 - ii. Digitally **trace** and **monitor social and environmental** conditions of manufacturing along international value chains and prevent later tampering of the data collected.
- c) Prevent the capture by **digital monopolists** of the wealth created by European industries:
 - i. **Regulate** and **tax value creation** according to the rules of where work contracted through digital platforms is physically performed.
 - ii. **Mandate** the use of **open standards** for the digital integration of manufacturing, and their availability under Fair, Reasonable and Non-Discriminatory (FRAND) conditions.
 - iii. Regulate **monopolistic digital platforms**: industrial data should be accessible to all under FRAND conditions; the availability to the user of transparent and "fair" search algorithms should be mandated.

From a **social perspective**, industriAll Europe demands that the transition to a digitalised industry be fair to all workers, and that it be used as an opportunity for social progress. It is thus necessary to:

- a) **Anticipate and manage change** in a socially responsible manner by strengthening national and European levels of information and consultation rights across the supply chain on the envisaged challenges
- b) Make sure that workers get their **fair share of the generated wealth** from digitalisation and discuss the allocation of these gains (wages, working time).
- c) Prevent the permanent availability of mobile workers with a **right to disconnect**, and make sure that the flexibility in working time made possible by digitalisation is balanced between workers and employers and does not harm the health of workers.
- d) In research and innovation projects, develop the potential of digital technologies to **assist** workers, rather than replacing them.
- e) Ensure an individual **right** to training for permanent **up-** and **re-skilling** of the workforce (including a well-thought use of e-learning tools) which will support the acquisition of recognised, validated, transferable and vendor-neutral digital skills. Along with basic skills, STEM skills and transversal skills, digital skills must be placed at the heart of vocational education training in our sectors.
- f) Ensure that **all** workers, including with “atypical” contractual relationships to the company (e.g. crowd- and platform workers, agency workers), can **bargain** their wage and working conditions **collectively**, or be included in the scope of collective agreements.
- g) Ensure **health and safety** at work when interacting with autonomous robots and vehicles, and a clear liability regime for fast compensation in case of accident. Therefore, real participation of workers in the prevention and correction of risks is needed.
- h) Protect **worker-related data privacy**, by defining fair conditions for workers’ consent to data collection and processing, limits to worker monitoring, and transparency in the decisions of (Artificial Intelligence) algorithms that impact their career.
- i) Introduce **human-centred** systems of **work organisation** and production methods which do not question the autonomy and cognitive abilities of workers.
- j) Increase **understanding** by workers and their representatives of the data collected from them and of the usage made of this data.

6. Industry: an engine for sustainable development

Building an economy that is sustainable, circular and inclusive is the overarching objective for any industrial policy long-term climate objectives and plans are setting the course and will profoundly change the nature of industry. IndustriAll Europe fully supports the UN Sustainable Development Goals, the international climate agreements (Paris) and the European climate objectives for 2020, 2030 and 2050. Tomorrow's industry will use high energy- and material-efficient processes, employ renewable and recycled/reused materials, and adopt increasingly sustainable business models. During the past decade of recession, more than one million jobs have been created in the "green" economy. Industry can make substantial gains in energy- and material-saving while the circular economy creates domestic jobs that cannot be relocated. Therefore, the economic and employment potential of sustainable development has to be fully seized. The current economic recovery must go together with environmentally and socially sustainable growth:

- a) **Synergies between the economy and sustainable development** should be fully explored and the toolbox for a sustainable industrial policy further developed. This toolbox will recommend a smart combination of a number of policies: long term objectives and plans, setting a price on carbon, promotion of green technologies, pricing instruments for scarce resources, shifting the tax burden in favour of the environment, support to the energy transition and taxes/subsidies to steer behaviour of consumers and producers. The commitments made under the international and European climate objectives have to be integrated in EU's industrial strategy and turned into industrial action plans, while ensuring that all signatories live up to these commitments as well.
- b) Full attention should be given to the creation of **an industrialised circular economy** that goes beyond recycling waste and instead focuses on reuse and remanufacturing. Building on and further developing Europe's leadership in a low-carbon and circular economy will be key. New initiatives like a circular economy around plastics or the creation of a European supply chain for batteries will undoubtedly strengthen the European industrial fabric and contribute to the creation of new jobs. Special attention will have to be paid to the increase of resource-efficiency, the access to critical raw materials and the development of well-functioning markets for secondary raw materials. In this context, industriAll Europe supports a clean and sustainable mining industry (esp. for new materials). Also, Extended Producer Responsibility, green public procurement and eco-design could help to create markets for circular products/services. Lastly, public private partnerships could establish production platforms specialised in the circular economy.
- c) Ambitious European measures to tackle climate change, such as the EU emissions trading system (EU ETS), should not add additional costs to European industries and should not put non-ETS countries at a competitive advantage. **Carbon leakage** to non-EU countries, who do not have strict environmental policies or high labour standards, must be prevented.
- d) Even if carbon emissions can be reduced, they cannot be completely eliminated, necessitating the development of economically viable methods to **capture and reuse carbon** (as feedstock, fuel or as a basic raw material).
- e) The **future of the many energy-intensive industries** must be guaranteed by means of the upcoming Innovation Fund and Modernisation Fund, which should fully support these sectors in their transition to more sustainable structures (including "deep decarbonisation"). Large levels of investment and a complementary regulatory framework are urgently needed for breakthrough technology to be put in place across European sites to drastically cut emissions in a cost-effective way.

7. A Fair Energy Transition

IndustriAll Europe is committed to ambitious goals for increasing energy efficiency and expanding renewable energies. Nevertheless, the challenges for energy policy are manifold and often contradictory: affordable energy prices for industry and households, delivering on our climate objectives, security of supply, maintaining a leading position in energy technologies. A comprehensive energy policy has to be based on ambitious long-term objectives that are at the same time technologically and economically feasible. It will also require a regulatory framework capable on delivering secure, affordable and renewable energy. The gradual phasing out of fossil fuels must be turned into a lever for social progress. Nobody can be left behind in this transition. Workers affected by decarbonisation must be offered good prospects for further professional development and real perspectives for good and secure jobs in promising new economic activities.

For industriAll Europe, energy is a basic public good. Public authorities must continue to play an important role in the production and distribution of energy.

- a) **Energy policy should serve the general interest** and promote a regulatory framework in support of social cohesion, equal treatment, environmental protection and a better quality at the lowest cost, especially in relation to the growing number of households affected by energy poverty. This will require a fit-for-purpose assessment of current policies.
- b) **Secure, sufficient, sustainable energy, accessible to both citizens and companies at a low and predictable cost** are key priorities for industry and society. The ambition of the Clean Energy Package is to reduce fossil fuel dependence, better integrate energy markets and coordinate national energy policies while increasing energy independence, energy efficiency and the share of renewables. It also reviewed the EU's long-term climate objectives for 2030. IndustriAll Europe calls for close monitoring of the industrial and employment aspects of this overarching initiative.
- c) Europe's ageing energy infrastructure needs to be modernised by the development of **smart grids** that will integrate renewables in the electricity network. The electrification of transport and the decarbonisation of energy-intensive industries will sharply increase the electricity demand and thus require **massive investment in the generation and distribution of (low-emissions) electricity**. The decarbonisation of transport has to be achieved in a technology-neutral way: battery electric vehicles, hybrid, hydrogen, natural gas, synthetic fuels, etc.
- d) Acceleration of efforts to develop new, efficient and cost-effective **zero-emissions energy technologies** and bring them to market in a cost-effective way, e.g. supported by the Strategic Energy Technology Plan.
- e) The increased share of renewables in the energy system needs to be backed by breakthrough technologies in **energy storage** and **increased interconnectivity** to even out supply variations.
- f) A forward-looking energy policy should encourage industry and society to develop, take up and use the best technologies available to become more **energy-efficient**. This will require joint visions and objectives (on passive housing, mobility, integrated policy strategies (green public procurement) and regulations (eco-design, energy-labelling).
- g) **The transition to a low-carbon society must be a "just transition"**, meaning the timely anticipation and assessment of the impact of structural change and guaranteeing adequate support to employees, businesses and regions adversely affected by structural change. This requires an integrated approach and a strong and coherent social dialogue through the involvement of all stakeholders at all levels: companies (training, internal mobility, anticipating restructuring to avoid forced redundancies), labour market agencies (organise a smooth transition from one job to another), authorities (regional

reconversion plans) and trade unions ('a solution for each worker affected by restructuring'). A "just transition" will also require smart and well-targeted funding for regional reconversion in order to establish new sustainable economic activities able to guarantee a new future for affected regions and their workers.

- h) Energy policy should be accompanied by industrial policies that maintain, create or re-establish the industrial value chains for energy goods.

8. Innovation by all and for all

While in the industrial era value was created by ‘capital’ and ‘labour’, these classic production factors are complemented and amplified by ‘knowledge’ in today’s knowledge economy. Knowledge has become the most important industrial resource.

The industry of tomorrow will be shaped by the knowledge generation of today. The projects that are currently in laboratories or on the drawing board will later become smart, high-performance products or more efficient and environmentally-friendly processes. They will displace market shares, value added and jobs. They will change skills and working conditions. Innovation is permanent. It is the key to sustainable economic development. Trade unions can, and should, take an active part in shaping innovation, towards a model where innovation is open to all workers and all citizens, and for the benefit of all: “**Innovation by all and for all**”.

In the view of industriAll Europe, innovation should aim to address social, environmental and economic needs, deliver better products and better processes, keep Europe’s industry at the cutting edge of technological development, create quality jobs and ensure a fair transition toward a low-carbon society. Thus, innovation is a very valuable tool, but only a tool, for higher societal purposes. It cannot be a goal in itself, nor a “principle” set to undermine e.g. the precautionary principle.

In order to implement these aims, industriAll Europe has identified the following strategic options:

- a) Industry and public authorities should substantially increase **investment** in industry- and society-relevant research, development and innovation. Public support for private R&D&I should come under the **condition** that the **first industrial application** be set up within Europe.
- b) European companies should dedicate **more than 1.5 times the OECD average** of their sector and of their size category to R&D&I.
- c) IndustriAll Europe has identified a number of **priority areas** that are key for industrial transformation and deserve investment: sustainable mobility; an industrialised Circular Economy; smart distribution and storage grids for electric energy; Electronic Components & Systems; Nanotechnologies as substitutes for Critical Raw Materials; Multi-modal hybrid transport systems; Open “Cloud” services; Mass customisation of garments; thermal renovation of buildings; health technology; bio-based chemistry, etc.
- d) **Regulation in the Internal Market must be predictable, consistent and ambitious**, to remove barriers to innovation, and to foster a differentiation of products and processes through **quality**. It should set ambitious targets for energy performance and stringent requirements on the eco-design of industrial products regarding their energy and raw materials efficiency.
- e) Innovation systems must foster **cooperation, democracy and workers' participation**. Trade unions should participate in the strategic governance bodies of the current publicly-funded R&D programmes at European level. Thorough social dialogue should address workplace innovation and aim towards “innovation democracy”. We demand an EU-wide right (but no obligation) for all employees to initiate employee-driven innovation.
- f) The **positive track record of Horizon 2020** should be maintained in FP9. At the same time, the financial resources need to be substantially increased while the very high submission failure rate needs to be reduced. The future framework programme for R&D should maintain the main elements of Horizon 2020 in support of industrial research: the industrial pillar, grants, public-private partnerships on innovation and joint technology initiatives. More attention should be paid to technology diffusion and increasing the absorption capacity of businesses for new technologies as well as to collaborative industrial research/innovation.

9. Trade must be fair to benefit the many

IndustriAll Europe considers free and fair trade to be of great importance for European economic and industrial growth. However, European workers have growing concerns about the impact on trade agreements on their job, their industry and their community. It is self-evident that in order to win popular support, trade policy should not only create business for multinational companies but above all also benefit all citizens. Trade policy has to ensure that the imported goods we consume are made by people who are not exploited, who receive fair compensation, who work in safe environments and who are employed by companies that respect global codes of conduct.

Economic globalisation has become a reality. This creates the challenge of constructing a fairer, inclusive global trading system. In order to tame the excesses of global capitalism, globalisation has to be framed by a multilateral, rules-based economic and political order. Rather than promoting competition, trade policy should promote cooperation. People, not profits, should be the bottom line of trade policy.

Our stepping stones for a fairer global trading system are:

- a) **Multilateralism must be reinvigorated.** Multilateral regulatory solutions are most desirable as they offer some important advantages to bilateral trade agreements, such as globally comprehensive and transparent market access agreements, rule-making, transparency and settlement of international disputes.
- b) International financial, monetary and regulatory institutions need to be reformed in order to make them more legitimate, effective and transparent.
- c) **Improve the democratic legitimacy of trade deals.** Full transparency, stakeholder involvement and public scrutiny must be guaranteed from the beginning.
- d) **Trade agreements should contain enforceable chapters on sustainable development and labour rights.** By establishing strong labour provisions to avoid a global race to the bottom in workplace standards, trade agreements should support jobs at home and abroad. Ratification and implementation of core ILO standards are key for trade to be fair. In order to guarantee the respect of international labour and environmental agreements or the ILO's Decent Work Agenda, binding international enforcement mechanisms should be established.
- e) **No more special rights for foreign investors.** Foreign investors cannot be granted special privileges which are not granted to domestic investors, workers or consumers.
- f) **Preserve the right to regulate.** Trade agreements should in no way reduce the space for public policy or hinder governments striving to provide services/regulate in the public interest.
- g) **Public services and services of general (economic) interest should be fully protected** while **public procurement** should remain an important tool for industrial policy and the creation of local jobs.
- h) **The partners of trade agreements should, from the beginning of negotiations, take heed of the social consequences of market opening.** Also, the benefits of free trade must be fairly distributed.
- i) Trade agreements should ensure **reciprocity** in market access, foreign direct investments and public procurement. An effective **screening mechanism** should prevent state-backed companies from abroad taking over strategic industrial assets in Europe.
- j) **Development of effective trade defence instruments** (e.g. the proposed screening mechanism for FDIs) to address unfair competition.
- k) **Re-establish a fair level playing field** between decentralised mixed economies and centralised state-led economic models.
- l) **Promotion of good governance on a global scale** by tackling corruption, illicit trade and counterfeiting. This should not only apply to public authorities but also to MNCs by developing legal frameworks for **corporate accountability** throughout the value chain.

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10. Companies have to invest in jobs, not in tax havens

The many tax 'leaks' (Lux leaks, Swiss leaks, Panama Papers, Paradise Papers) of recent years show that tax avoidance has become a huge societal problem. A society in which the rich have myriad ways of hiding money and concentrating wealth in secretive offshore tax regimes, while only the little people pay taxes, is unsustainable. Moreover, tax fraud is often related to money laundering and criminality.

The positive side of the many tax scandals is a renewed focus on fighting tax fraud and different initiatives taken by the G20, the OECD and the EU.

IndustriAll Europe considers fair taxation to be a cornerstone of our European social model. Fair burden sharing amongst taxpayers and fair competition between companies must not be undermined by tax dodging. Internal tax competition between governments in order to entice foreign direct investments has to be addressed urgently as it leads to a race to the bottom regarding effective tax rates and thus tax revenues.

Another explanation for this steady erosion of the tax base is the fact that, as knowledge and technology become more important, the factors that create economic value like intellectual property and software computing power become footloose. As a result, these intangible assets that create profits are preferably located where the tax regime is the most accommodating. This raises the challenge of moving the focus of tax systems from where the product comes from to where the customer is based.

To ensure that companies pay taxes where their profits are made, and to make tax regimes more efficient and equitable, industriAll Europe proposes the following:

- a) Full implementation at global level of the **OECD programme on Base Erosion and Profit Sharing (BEPS)** and introduction of a **global minimum company tax** of 10%.
- b) Adoption of a mandatory **Common Consolidated Corporate Tax Base and minimum Company Tax Rate**.
- c) An effective **fight against tax havens** and the prohibition of any collaboration with those involved.
- d) Further efforts are also needed to **close all tax loopholes, tax havens and special tax deals inside the European Union**. Full transparency should be given while tax rulings should be dealt with under the state aid regime.
- e) **Beneficial ownership registers** (publicly accessible) on companies, trusts, foundations and similar legal constructions should provide up-to-date information on the true ownership of any legal entity.
- f) Implementation of **country-by-country reporting** requiring companies to disclose information about their activities publicly. Country-by-country reporting is a key tool in tackling transfer mispricing.
- g) **Fair models of taxation for the digital economy**. Taxing locally when companies are organised in complex global company networks leaves gaps that can be exploited and has given rise to a crisis in taxing capital or digital services that can be delivered from anywhere.
- h) **Unblock the European Financial Transaction Tax (FTT) negotiations**.
- i) **Generalised application of a general anti-abuse rule**. "Economic substance" should become the cornerstone of anti-avoidance policies and legal arrangements that are put in place purely to reduce tax should be disregarded by tax authorities.
- j) The creation of a better cooperation in exchanging information between Tax Authorities in separate Member States and **an EU Tax Authority** to prosecute cross-border fiscal crimes.
- k) Tax-avoiding practices cannot be part of the **ethics of tax professionals** (lawyers, accountants, tax consultants, banks) and have to be banned.
- l) **Automatic information exchange** to become the global standard for international cooperation to tackle tax avoidance and evasion.

11. Don't stop change, do anticipate it.

The quest for a low-carbon economy, globalisation and digitalisation will massively change the world of work. These disruptive trends will impact the number of jobs, the quality of employment, the skills needed, the industrial relations and the social protection system. The employment impact of structural change must be properly addressed to avoid mass redundancies and the decline of regions. The affected employees need to be re- and upskilled for alternative jobs. Dealing with structural change is challenging as in many cases, new employment will be created at another time, in another place and for other skill profiles than those jobs that will become obsolete. For industriAll Europe, a socially sustainable and responsible approach of anticipating, planning and managing change and restructuring would also require a drastic change of course away from company strategies based on short-term maximising of profits towards long-term strategies based on worker participation, a vision on the future of the company, integration of economic and societal challenges and high-added value industrial activities. Equally, Europe must uphold the ambition to maintain the diversity of industry on its territory. Thus, a well-targeted combination of economic and social policies will be needed:

- a) To defend a model of **economic democracy** in the workplace that gives workers at national and European level a stronger say in corporate strategy which benefits corporate long-term sustainability as well as socially responsible anticipation and management of change in multinational companies.
- b) **Information, consultation and participation** in envisaged measures, which may affect the future of their company, their work, their employment and their life is a fundamental workers' right and must therefore be conducted before a final decision is taken. Whether they stem from EU and national legislation, those rights must be properly enforced, further strengthened and cover the full supply chain.
- c) Increase workers' **employability** by offering lifelong learning, up-and re-skilling opportunities in order to prepare them for upcoming changes within companies in an anticipatory manner.
- d) **Make the most of the ESIFs (European Structural and Investment Funds)** to retrain those whose jobs are at risk and to support the regeneration of regions. The scope of the European Globalisation Fund should be extended to integrate restructuring resulting from climate change policies while the fund should also provide for income support.
- e) Organise a **smooth transition** from one job to another: promotion of internal mobility inside the company, group outplacement services, tailor-made career guidance and training programmes, job search assistance, adequate social protection support during the unemployment and job search period.
- f) Develop **minimum European standards** for avoiding redundancies, taking inspiration from temporary short time schemes, working time accounts, early retirement schemes...
- g) **Regional development/regeneration programmes for regions adversely affected** by structural disruptions.
- h) **Promotion of collaboration and strategic alliances** as a way of enabling companies to share the costs of R&D and investments, to enter new value chains and to develop new business models, as well as to avoid bankruptcies and destruction of capital.
- i) **As SMEs are often lacking the resources to adapt to structural change**, they need to be supported in redefining their value chain positioning, redirecting their core competencies to other fields of business within or outside their traditional business and in increasing their capacity to integrate new technologies in their products and production processes.
- j) **Reinforce social dialogue at all levels** (company, sector, regional, national) as a key element in terms of anticipating change in a timely and socially responsible manner.