# Statement on EU Recovery Plan and COVID19 Trade Union Strategies

## Together for a social and sustainable EU Recovery Strategy

Brussels, 24th – 25th November 2020

The current pandemic and its consequences have hit workers in almost all industrial sectors across Europe hard. Available economic data shows an unprecedented economic downturn that will likely lead to mass unemployment. A series of large-scale corporate restructuring has already been announced and more will come. While the threat of a second wave of contamination has unfortunately materialised in many countries, any significant economic rebound for 2021 looks extremely uncertain.

Recovery must be ensured for all. Recovery cannot come at the expense of worker health and safety. Therefore, active social dialogue and the full participation of trade unions in articulating and implementing the recovery plans is vital at European, national, and regional and sectoral levels. To date, public support has largely benefitted bigger companies, with some economies highly dependent on small and medium sized companies hit hard. IndustriAll Europe has been vocal on the need for social conditionalities on public aid, but even when these have been included in measures there has been no social control of these conditionalities, allowing companies receiving aid to continue to pay shareholder dividends in some cases despite national injunctions. Moreover, without effective coordination within the EU and between countries, there is a strong risk of fragmentation reducing the impact of the stimulus available and increased regional and social inequalities. Recovery must support industrial transformation while providing a just transition framework to leave no one or community behind.

Finally, the damage to the mental health of citizens must be assessed and repaired. In addition to the human aspect, the morale of workers will be crucial for recovery and should be of interest to all those involved in the exit from the crisis. Emphasis should be placed on continuous stocktaking and analysis of dysfunctions, strengths and weaknesses in our capacity to anticipate and overcome this crisis.

**We have a deal: now the action to protect jobs and workers must follow**

In July 2020, industriAll European Trade Union welcomed the historic agreement at the European Council to establish a Recovery and Resilience Fund and Multiannual Financial Framework for 2021-27 focused on investing our way out of the economic and social crisis fuelled by the global Covid-19 pandemic. We set out our demands towards European leaders, policymakers and employers as to how the €1.8 trillion stimulus package should be used to protect jobs, purchasing power and ensure the long-term sustainability of our industries through the transformation foreseen in the Green Deal and EU industrial policy strategy. The COVID-19 crisis has accelerated the transformations that were already taking place in many industries as a result of climate action and digitalisation. These transformations need to occur through a just transition for workers and the most affected regions.

We urgently need strong political leadership in Europe to overcome divisions among member states. Any further delay in the implementation of the European recovery Package would undermine our collective efforts and our industries. IndustriAll Europe calls on Member states and EU institutions to speed up the subsequent decision making processes in order to quickly intensify the reaction to an economic crisis that is hitting millions of men and women working in industrial sectors across Europe. It is of the utmost importance to ensure that the unprecedented amount available will be used to finance a fair and transformative recovery that must benefit to all.

Therefore, while the overall stimulus is an important step forward for the EU, the decision by the European Council to weaken the role the EU budget should play in the recovery is of concern. We demand an end to the proposed reductions in the budgets key EU funding programmes, notably the Just Transition Fund, ESF+, InvestEU, Horizon Europe, ReactEU, and the restoring of the Solvency Support Funding. A liquidity gap until the money from the recovery fund starts to flow needs to be avoided at all costs, in order to prevent a spike in job losses, company closures and an explosion in inequality and poverty. With liquidity a major issue, and the foreseen end of national moratoriums on dismissals, industrial workers are deeply concerned about what the future holds.

IndustriAll Europe members and affiliates had hoped that the public health measures and lockdowns imposed in the spring and summer would have addressed the public health crisis we face in Europe and around the world. Unfortunately, that was not the case. As a second wave of the pandemic is engulfing many countries, new restrictions are emerging. Protecting workers' health must be the main priority until the health emergency is overcome. It is crucial that work organisation is in full compliance with updated COVID-19 health and safety protocols (necessary protective equipment, access to sanitation, respect of social distance). Attention must be paid to ensure that health protection systems take into account new knowledge on how to protect workers' health. Paid sick leave and carer's leave must be guaranteed. Workers with health conditions must be able to work securely without social contact or be exempted from work while maintaining their full income.

Trade unions must be fully engaged. At the outbreak of the pandemic, collective bargaining and worker participation proved their worth in ensuring a rapid transformation of work organisation and health and safety. The "new normal" may have provided some advantages for some workers, but not commensurate with the intensification of work due to digitisation, which has increased pressure on workers and led to increased automation, robotisation and surveillance at work. Telework, which is sometimes imposed and unwanted, has developed but is not without raising a certain number of problems (isolation, cost compensation for employees in particular).

Without effective and updated work organisation and health and safety rules, there is a danger that opportunities for mutual benefits are lost and exploitation and other health and safety risks rise. Digital investments must lead to better work, better jobs and a better work-life balance. Worryingly, we are witnessing an erosion of collective bargaining and industrial relations across Europe to varying degrees, with employers calling into question established agreements and negotiations, an exclusion of trade unions from policymaking and a rollback of workers' and social rights. A number of companies are taking advantage of the situation and using COVID-19 as cover to carry out huge restructuring programmes and to play workers against each other within and between countries. We need to act against this and build transnational solidarity between our members from different countries. Furthermore, in some countries, employers have started announcing job cuts instead of resorting to hard-fought for national job protection schemes which have been extended. IndustriAll Europe calls on employers to act in the long-term interests of all and avoid increasing insecurity and uncertainty.

Recognising that the industrial reality and policy framework are working at different speeds currently, industriAll Europe has a series of demands and recommendations for policy-makers in the EU and beyond to ensure that the Recovery Plan meets its potential and the needs of European workers and citizens.

**Recovery funds must support the transformation of industrial jobs**

Following the European Council agreement in July, national governments submitted national priorities by the 15 October with detailed projects due to be submitted by the end of April 2021. IndustriAll Europe insists that these plans are published transparently by the European Commission, allowing full scrutiny of where public funds will be directed. Projects included must create and maintain good jobs today and in the industries of tomorrow, not vanity projects. Support to individual companies must be subject to legally binding conditions on employment and investment to modernize plants and production facilities. Furthermore, tax evasion, payment of dividends, mass dismissals or circumvention of collective agreements are not compatible with the provision of public support. Attention must be paid to SMEs and self-employed which have been heavily impacted and have not been able to build up the necessary safety buffers.

The transition to a digital and climate neutral economy will require massive investments to adapt industrial production facilities and related infrastructures, and to ensure a just transition for workers. The Green Deal objectives, and especially the possible revision of the 2030 climate targets will significantly deepen the investment gap that needs to be bridged to reach the climate targets. However, the workers cannot be forgotten in the race to reach these targets. The EU needs a sustainable and robust industrial policy to steer the transition. A "target and market" approach will not deliver. 'One size fits all' policies will inevitably increase regional inequalities within and between countries, and therefore coherent and coordinated policies addressing different national and regional contexts are essential. The EU Budget and the Recovery and Resilience Facility should support projects that are in line with the EU policy objectives of the European Green Deal, while ensuring that no worker will be left behind in the green transition. Enough funds need to flow towards a just transition, especially in the most affected regions, and to ensure that good quality jobs and re-skilling and up-skilling opportunities will be offered to those workers. Furthermore, active labour market policies including upskilling and reskilling policies - designed with the close involvement of social partners - must provide for retraining opportunities for workers faced with losing their jobs to remain within their industries (manufacturing, energy etc.) and to maintain a skills base. Measures taken to deal with the economic downturn such as short-time work schemes must be combined with upskilling.

At the same time, the EU Recovery offers an opportunity to strengthen the EU digital autonomy and the EU Digital strategy provides another important compass to drive investments. The new EU industrial strategy and its 14 ecosystems, the EU Master Plan for Energy Intensive Industries, or the 2019 report on Strategic Value chains provide a list of priorities to be financed to prepare the EU industry to cope with the challenges ahead of us, mainly decarbonisation and digitalisation. A series of industry alliances and Important projects of common European interests have been launched already but the Financial resources made available through the recovery plan should be used to scale these initiatives up or to cover additional sectors.

The identification of investment needs and gaps requires an in-depth sectoral and regional analysis. If the territorial analysis will be made at national level, the EU should pay attention to the sectoral dimension to complement the work done at national level by a clear mapping of the sectoral needs, notably in terms of cross border infrastructures or EU-wide industrial projects. In addition to the reference documents listed above, the European Commission should also consult the sectoral stakeholders without delay in order to translate the identified gaps into recommendations shared with member states through the guidelines for the preparation of their National Resilience and Recovery Plans.

Beyond the Recovery Plan, EU macroeconomic governance should aim at supporting public and private investment, avoiding insolvencies and must not be redirected to short term fiscal consolidation or budgetary discipline. The current low interest rates should be taken advantage. Hence, the general escape clause of the Growth and Stability Pact should continue to be used until a deep reform of the EU macroeconomic governance is proposed. Equally, the European Central Bank measures (pandemic emergency purchase programme, low interest rates, extended lending policy) should be extended as long as possible to help the Euro area to absorb the shock of the pandemic. Furthermore, the loosening of state aid rules should be extended as well to allow governments to provide support where needed (e.g. Direct grants, public guarantee schemes , subsidised interests, export-credit schemes insurance by the state, wage subsidies, deferrals of tax payments and social security contributions).

The repayment of borrowing for the Recovery Plan should be made primarily through options that will not lead to reduced funding available in future EU programmes and funds. New own resources should target economic activities that made profits during the pandemic and lockdown. Therefore, new own resources should be used to accelerate the adoption at EU level of a digital tax, a financial transaction tax and to a Consolidated Coordinated Corporate Tax. Resources collected through a possible future Carbon Border Adjustment Mechanism, in case the latest is adopted, or the Emissions Trading System’s auction

revenues may contribute but only to the degree that their main policy objectives are not jeopardised and WTO compatibility is ensured.
Fundamentally, progressive taxation needs to become the backbone of the recovery in Europe. We cannot continue to allow companies to circumvent the law, avoid paying taxes and use tax havens in Europe and outside, while workers continue to bear the brunt of crises which they do not produce.

Since the outbreak of the pandemic, the strategic importance of a strong and resilient industrial base in the EU has been reinforced, to ensure the connections to diversified supply chains in Europe and globally. The recovery strategy should work towards strengthening this industrial base. The EU should review its trade policy accordingly to better protect sectors in crisis as a result of unfair competition from third countries and notably those exposed to global overcapacity. The EU should also speed up the adoption of its strategy to tackle detrimental foreign subsidies as well as the adoption of a proportionate and WTO-compatible Carbon Border Adjustment Mechanism to level the playing field between domestic and foreign producers when it comes to carbon pricing. IndustriAll Europe supports the call made by the European Parliament to temporarily ban the foreign takeover of European companies in strategic sectors by state-owned companies or companies linked to a third country government. In the recovery from this major crisis, we cannot ignore the fact that the deterioration in citizens' living standards and unemployment can lead to the fuelling of nationalist solutions and that the European recovery must, on the contrary, engender solidarity among countries and peoples as well as trade based on universal rules that protect the people and the planet.

**Job support mechanisms are still needed**

As we experience a second wave of the pandemic, it is clear that the emergency situation is not over. We therefore demand an extension of the emergency measures put in place to protect workers and the economy for as long as necessary – until the full recovery of the economy and a stabilization of jobs. Ending these emergency support measures prematurely i.e. while the public health and the economic crises are ongoing will only lead to a massive wave of insolvencies and redundancies. This will create an explosion of inequality and poverty in Europe, which needs to be avoided at all costs.
All necessary funds at European and national levels need to be made available to support a socially fair and inclusive recovery. We therefore ask an increase in the social investment in the MFF, especially the ESF+. The Youth Employment Support Package cannot remain a small part of the ESF+, but needs to be supported with extra funds if we indeed aim to offer a decent future to young people. Furthermore, the EU SURE programme cannot remain a one-off instrument, it must be prolonged as long as necessary. Special attention must be paid to the younger generations who are distressed during their apprenticeship, training, study or retraining. More than ever, they must be given a second chance.

We need stronger social and fiscal strings attached to the public financial support offered to companies. It is unacceptable that companies which have been receiving economic support from the governments and from the EU have continued to pay out dividends, avoid fair taxation and are now starting to lay off workers. The public money which these companies received was meant to safeguard workplaces and protect companies from insolvencies, but not to guarantee big bosses' dividends. The ones guilty of such unfair practices need to be held accountable and asked to either pay back the money received or to use it for its actual intended purpose and invest it in their companies in order to guarantee jobs. We strongly condemn the outrageous behavior of some shareholders and employers who continue to think only about their own profit, without taking into account the workers who helped produce it.

We demand alternatives to restructuring. Governments need to step in and make sure that restructuring is a measure of last resort, especially in the cases of companies which have been benefiting from public money over the last months. Employers need to take responsibility and exhaust all possible measures until they start restructuring and layoffs.

As unions, we need to also shoulder our responsibility and act in international solidarity, especially in cases of restructuring in multinational companies. We cannot allow employers to divide us in fights over jobs, reshoring and in any race to the bottom. We need to stick together and use all possible channels and instruments to coordinate, keep each other informed, and act in unity. Together we are stronger and we can better fight for our common interest to defend workers in the European industries.

**No austerity through the backdoor**

With unemployment skyrocketing and pervasive precariousness among society, in particular for youth and women, the priority cannot be to restore budgetary balance by cuts in public expenditures and it cannot be neither to improve short term competitiveness through pressure on wages. With healthcare systems still under high pressure, reducing social contributions would be insane. Ensuring inclusiveness and solidarity must be among the top objectives of the EU Recovery.

RRF regulation must not set up macro-economic conditionality that would hamper Member states access to the fund. As stated above, in the current context of deep economic downturn and low interest rates, fiscal consolidation cannot be a criteria to assess the National Resilience and recovery Plans.
The EC assessment of national plans must be made on transparent criteria that will ensure that these plans will deliver tangible results for workers. The aim must be to support people, not to penalize them through fiscal consolidation and cuts in public expenditures or further flexibilization of the labour law. The assessment must also ensure that the EU money will be spent for projects that are in line with its key political objectives and by governments that respect the EU fundamental principles, including the rule of law.

The European Semester should be used constructively and not as an instrument to undermine social systems and dismantle social dialogue and collective bargaining in Member States.
In some countries, the crisis seems to be used as an opportunity to roll-back on social rights, not to respect Collective Agreements (with the tacit agreement of government), or to weaken collective bargaining by stepping away from sector bargaining and push for individual negotiations or through attempts to postpone sectoral collective bargaining rounds.

**Nothing about us without us**

In the majority of member states, there has been hardly any involvement of the trade unions in the discussion on priorities for national recovery plans. In other places, trade unions were involved, but governments tend to dismiss their proposals without real consideration. Now that we are entering into the decisive phase towards the finalisation of National Recovery plans that have to be submitted to the Commission by the end of April 2021, the European Commission should explicitly urge member states to consult national and sectoral social partners to identify where the needs are in terms of investments, social measures or training.

Employers and national governments need to shoulder their responsibility and engage constructively in ensuring a fair recovery. Employers must stop taking advantage of the crisis and stop the push for more flexibility and the breach of workers and trade union rights, especially information and consultation rights, and collective bargaining rights. It is unacceptable that some employers are now refusing to respect collective bargaining agreements and to sit at the bargaining table, pushing instead for individual negotiations. National policymakers must stop turning a blind eye to these violations of workers' rights and need to start listening to both social partners and not only take the views of employers into consideration. Misusing the crisis as an opportunity to dismantle social and workers' rights is a recipe for disaster. A fair recovery to a more equal society can only be reached by taking the needs of workers represented through their unions into account.

Trade unions are not an emergency service – called in only when urgently needed. Social dialogue and worker participation at all levels, including sectoral and company levels, are vital for our democracies and for the legitimacy of the recovery plan in the EU and beyond. Political leaders, policymakers and employers must engage in good faith and ensure that industrial relations are strengthened not further eroded in the months to come.