

To: **Mr. Thierry Breton**

European Commissioner for Internal Market

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**Subject: A Recovery Plan for Europe and European industry**

Brussels, 28 April 2020

Dear Commissioner Breton,

Representing 7 million workers organised in the manufacturing, mining and energy sectors across Europe, IndustriAll Europe is already witnessing the dramatic impact of Covid19 on industrial workplaces and sectors. We welcome your commitment – as expressed in the European Parliament’s ITRE committee last week – to ensure a recovery plan for European industry. This plan must have the industrial workforce at the centre of a renewed industrial strategy, and we would therefore strongly welcome your engagement in delivering this.

The scale of this crisis for our members is staggering. Nearly half of Europe’s 2.5 million automotive workers are furloughed. Aerospace workers are amongst the most affected, but the least prepared. Textile workers have been hit by the closure of retail shops. In the steel sector, the number of plant shutdowns has generated real concern that half of Europe’s steelmaking capacity could be lost by the end of the pandemic. Workers in the chemical industry are at the mercy of their key customers (e.g. automotive). Conversely, those working in the pharmaceutical industry face the societal demand and pressure of bringing production of strategic products back to Europe as quickly as possible. Moreover, the application of lockdown rules in the workplace will negatively impact productivity for many months to come.

Due the complexity of our industrial value chains, it is imperative that industrial policy measures are prioritised to avoid the loss of industrial capabilities in Europe. IndustriAll Europe believes that the following measures are vital:

- In the short run, to avoid stranded assets, **viable companies must be kept afloat** as long as needed through liquidity support and the relaxation of state aid rules. In exchange companies should refrain from mass redundancies and re-invest capital they would normally use to pay dividends and bonuses

- **Companies must be supported in maintaining/developing their human capital** while the income of workers and their job security has to be **preserved** e.g. through short-time work arrangements and skills upgrading
- **Coordinated and ambitious recovery strategies** must restore the capacity of industrial sectors to generate added value, to invest in a sustainable future and to maintain/create quality jobs
- While saving the economy and industry, recovery strategies should channel **investment in-line with our shared political priorities**: critical industrial and social infrastructure, addressing the twin transition to a digitalised and low-carbon economy, and reducing regional disparities.
- **For all industrial sectors the impact of Covid-19 must be mapped** in order to analyse the depth of the crisis for each individual sector, to monitor and address supply chain disruptions, to identify the policies needed in support of their recovery, to assess the impact on their capacity to respect regulatory obligations (see the annex attached)
- **Europe's strategic autonomy has to be strengthened** by (re)building strategic value chains inside the EU, through industrial alliances, the reintegration of supply chains inside the EU, increasing self-sufficiency (e.g. by developing a circular economy), domestic production of strategic equipment
- The introduction of new instruments like a **Carbon Border Adjustment Mechanism** or the **Instrument on Foreign Subsidies**, both proposed in the recent Communication on the new industrial strategy, should be accelerated
- To **prevent hostile take-overs** of European companies the new screening mechanism on foreign direct investments must be used in an effective way while governments buying stakes should not be excluded. Moreover, the full use of mechanisms to screen foreign investment should ensure fair access to raw materials
- **Tax justice must underpin the financing** of these recovery packages e.g. introduction of a digital tax, a tax on single-use plastics, a more progressive tax system, fight against tax evasion and avoidance
- The industrial recovery should be supported by the European budget, the Cohesion Funds, EUInvest and a **new substantial industrial recovery fund**

As industrial trade unions, we also strongly support the idea, presented in the new EU industrial strategy, of an industrial ecosystems approach. These ecosystems should assess the needs of each industrial value chain and propose actions to mitigate the impact of the upcoming recession. IndustriAll Europe is keen to fully participate in delivering this agenda.

But the urgency of the situation demands decisive action to save millions of jobs and companies. The decisions taken today will determine the future of our economies and societies for many years to come. Expansionary fiscal and monetary policies will remain essential to limit the depth of the upcoming recession. But at the same time the development of a coordinated and bold post-pandemic recovery strategy is as important in order to deal with the long-term impact of the health crisis on our furloughed economy. All means must be used to avoid that the temporary loss of industrial production becomes a permanent one and/or a liquidity problem becomes a solvency crisis.

Therefore, we would be happy to hold an exchange on Europe's post-pandemic industrial strategy with you at your earliest convenience.

Yours sincerely,



Luc Triangle  
General Secretary

## Annex: Key sectoral industrial actions to be taken

- A **stimulus package for the car industry** should further support the efforts of the sector to decarbonise incl. the roll-out of re-charging and re-fuelling points and the establishment of a battery value chain inside the EU
- the potential of digital technologies for solving societal challenges as healthcare, energy- and resource-efficiency, climate change and a potential need to re- or upskill the workforce should be fully explored. This will require **stepping up investments in new ICT-sectors** as 5G, the data-economy, Artificial Intelligence, High Performance Computing, cybersecurity, but also in the digital infrastructure of today, such as the deployment of broadband radio and fibre networks across Europe, with specific care to include all regions
- by promoting the **circular economy** in sectors as plastics and electronics (by promoting recycling, reuse, repair and remanufacturing) many local jobs which are difficult to relocate can be created
- In the **energy sector investment programmes** are needed to boost the potential of Europe's wind industry and to modernize/digitalise/expand electricity grids (as we are replacing fossil fuels by renewable electricity)
- Elaborating **sectoral roadmaps should support the low-carbon transformation of carbon-dependent sectors** (steel, chemicals, paper, cement) incl. the infrastructure needed for transporting hydrogen and CO<sub>2</sub>
- A **strategy is needed to 're-shore' the production of essential pharmaceuticals** and protective equipment
- In the steel sector an **update of the current EU steel safeguard measures** is urgently needed in order to bring them in line with the huge drop in EU demand. Also, the quotas should be drastically reduced for Q2 and Q3 in 2020. The replacement of quotas and minimum prices with anti-dumping measures which should also be extended to slabs, billets and intermediate steel products. This is essential for dealing with global overcapacity and unfair international competition which has been exacerbated by the larger negative impact of COVID-19 on the European steel sector, in comparison with other steel producing regions. Moreover, the lesser duty rule must be abandoned, as it does not properly tackle the issue of unfair state aid in countries outside Europe.
- In shipbuilding the European Commission should **come forward with LeaderSHIP 2030** as soon as possible. The programme should evaluate the success of LeaderSHIP 2020 and should propose specific measures in light of the impact of COVID-19 on the shipbuilding and maritime technology sector
- A **renovation wave in the construction** sector will also provide a boost to all upstream activities (energy management of buildings, equipment, basic materials...)
- In general, preventing/anticipating the wave of restructurings resulting from the Covid19 crisis in key sectors such as steel, automotive, aerospace, .... . The challenge will be to **find decent solutions for each single worker affected** by restructuring.