

For a Brexit that protects jobs, rights and a social Europe for All

Industrial trade unions for continued economic and social ties between the European Union and the UK

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The result of the UK's referendum on its membership of the European Union in June 2016, which resulted in a narrow majority to leave, has sent shockwaves through Europe and beyond. It has created a political crisis that, without careful management, could quickly become an economic and social crisis in the coming years. IndustriAll Europe is clear in its belief that Brexit poses a threat not just for workers in the UK, but for workers across Europe and indeed for the very future of the EU.

Brexit can also be seen in the wider disturbing trend of moves from neo-liberal right-wing conservatism towards populist nationalism across Europe, and further afield, as shown with the election of Donald Trump in the USA. It is more important than ever that, as the voice of industrial workers, we fight for the fundamental values for which we stand, those of equality and solidarity. These values underpin the approach of industriAll Europe towards Brexit. IndustriAll Europe and its affiliates will work throughout the Brexit process to ensure that the interests of working people are at the top of the agenda.

IndustriAll Europe firmly believes that the best solution must be continued tariff- and barrier-free trade between the EU Single Market and the UK whilst ensuring that the UK gets access to the Single Market only if it respects the rights, responsibilities and freedoms that go along with this. Whichever way the British people voted, no-one voted to lose their job, their employment rights or their social protections. This is a critical time for Europe and the voice of workers must be heard.

Despite Brexit, EU-UK ties must remain close

Whilst the UK may leave the European Union, the solidarity of the European trade union movement will remain strong, and will fully include British workers. Workers on both sides of the Channel have shared concerns about the future and share common principles. It is in this spirit that all industriAll Europe's affiliates put forward this document which outlines the central trade union demands which must be met to avoid harm to the British and EU economies and, most importantly, safeguards jobs during the upcoming period of disengagement.

The form of the new relationship between the UK and the EU will have a significant impact on Europe's future economy and society. Several different models have been proposed to replace full British EU membership; Single Market access through the EEA comparable to the Swiss and Nor-

wegian situation; a customs union along the lines of that currently enjoyed by Turkey; or even a ‘hard Brexit’ with a reliance on WTO rules. Alternatively, the Brexit negotiation could conclude by establishing a new bilateral trade agreement between the EU and the UK like the CETA agreement signed with Canada. Negotiating new trade agreements with the EU and third countries is a complex and time-consuming process where the interests of workers are seldom the top priority for those involved (it took 7 years for the EU and Canada to conclude CETA). If this happens **industriAll Europe will demand strong ‘anti-dumping’ protections and measures to prevent any levelling down of workers’ rights, environmental protections or standards on either side.**

The current negotiation position of the UK Government, outlined by Theresa May at her Lancaster House speech has, unnecessarily, taken a series of compromises off the table. IndustriAll Europe urges all partners involved in the Brexit negotiation to take a prudent stance and refrain from taking extreme positions. The worst-case scenario would be the breakdown or conclusion of said negotiations with no deal in place, leading to a so-called “hard Brexit” with damaging and unpredictable consequences for Europe’s industry and its workers.

No to Brexit as a justification for further deregulation

IndustriAll Europe will not let Europe’s political leaders put ideology ahead of protecting the interests of workers and will campaign to enforce the highest regulatory standards in Europe, especially when it comes to workers’ rights, consumer and environmental protection. The time-scale for negotiating Brexit is incredibly short. Only two years from the triggering of Article 50 are foreseen to conclude all ensuing negotiations and once the UK has left, Treaty rules on free movement of workers, services, capital and goods would no longer apply in the UK as part of a supranational legal system with direct effect and supremacy as key features. The ECJ (European Court of Justice) will be deprived of its jurisdiction to enforce EU law in Britain. On the other hand, the UK will no longer be represented at the table in Brussels with the possibility to influence decision-making to promote its interests.

Unless a deal can be struck during the negotiation process, UK and EU workers are in for a series of major changes. Most prominently, the freedom of movement of workers will no longer apply for Britain, creating a situation of legal uncertainty for millions of Europeans. At this point in time, 3.3 million EU nationals are living in the UK, of whom 2.1 million are working there. About 1.2 million British citizens live in the EU. **IndustriAll Europe therefore calls on all parties to refrain from using the migrant workers as a bargaining chip during the negotiation process and immediately grant an unconditional right to remain to EU citizens in the UK and to UK nationals in the EU.**

A significant amount of British employment law is derived from EU directives covering, for example, Health and Safety legislation, Part Time Workers, Anti-Discrimination rights, Equal Pay, Maternity/Paternity rights, Parental Leave, European Works Councils (TICE Directive) and Collective Redundancies. However, it is changes to or abolition of the Working Time Directive, Temporary Agency Workers directive and Acquired Rights directive (TUPE) that pose the greatest risk to

workers in the short term, because these changes would drive lower employment costs. IndustriAll Europe demands that hard won employment protections are maintained through the negotiation process. **We will not accept a situation where divergence in employment and social rights is allowed to create an uneven playing field across Europe.**

British Chancellor of the Exchequer, Philip Hammond, told the press on 15 January 2017 that if the UK cannot obtain both Single Market access and immigration controls, it would be forced to “change our economic model” to remain cost-competitive which means that it might start to undercut the EU in terms of taxation, and social and environmental rights.

As a recent illustration, the UK government has also given assurances to Nissan that its trade costs would not increase because of Brexit. However, it is not yet clear what these assurances might contain: Investment subsidies (cannot discriminate amongst companies and sectors), deregulation of labour markets, tax-free trade zones, export subsidies (forbidden by the WTO), cutting company taxes (compensated by cuts in the social security system), or monetary easing to keep the sterling artificially low, are all possibilities that would come with severe negative consequences to ordinary workers in the UK – but also in the European Union, as it would constitute a direct State subsidy and unfair competition.

IndustriAll Europe condemns the threat of the UK Government to turn the UK into a low tax, low rights, low wage, offshore economy should they not achieve a satisfactory deal through negotiations on Brexit. This would directly harm British workers immediately, and harm workers in the EU indirectly in the process. The threat of the UK becoming a tax haven in the event of a “hard Brexit” will not only pose a threat to the Social-Economic model within the UK but could have serious implications across the EU. The UK's declared intention of leaving the Single Market could trigger a race to the bottom to attract inward investment. A race that would include cutting taxes, Regulations and Labour Laws, recklessly singled out as financial burden on business. This, in turn, could put pressure on the EU to respond, prompting a vicious circle of events in which all workers stand to lose.

IndustriAll Europe will resist this vision of the UK as the Panama of Europe and will continue to fight for a stronger Social Europe within the EU. It makes no sense for anyone in Europe to convert a large country with a sizeable population into a deregulated tax haven.

A negotiated Brexit needs to be based on the best possible deal for all of Europe's citizens and workers. There is no legal hindrance against prolongation of existing rights in the UK if the lawmakers so wish¹. After Brexit, these rights would have to be enforced by national courts. It is up to the British Parliament to shape and decide this matter. **IndustriAll Europe supports the prolongation and reinforcement of UK's social and environmental rights, based on persistent convergence with EU regulation, even after Brexit.**

¹ EU rules with direct effect would have to be implemented for the first time.

No cut back on social dialogue and democracy at the workplace

IndustriAll Europe has always been highly committed to defend and promote a model of corporate governance which gives workers a stronger say in corporate strategy. **Workers' right to information and consultation on envisaged company decisions and their potential social consequences is a fundamental right. IndustriAll Europe would condemn any attempt to question those rights or to use them as a bargaining chip within discussions on Brexit.** Not only should existing rights deriving from EU law be retained and protected (e.g. ICE and TUPE regulations), but the UK must keep pace with the highest regulatory standards. Already today multinational companies ignore national boundaries and take advantage of an incoherent EU social and fiscal "acquis". Additional discrepancies between the UK and the rest of Europe would do nothing but further harsh regulatory competition between countries that may benefit multinational companies at the expenses of workers throughout Europe.

IndustriAll Europe will not let multinational companies use Brexit as an excuse to adopt and pursue employment policies aimed at creating a situation in which workers and sites are played off against each other. Transnational solidarity in the form of a synchronised European trade union strategy will continue to be our response to any pressure exerted by such business practices. Therefore, it is of the utmost importance to secure the coordinated trade union approach we have been building over the years in many multinational companies thanks to worker representation in European works councils (EWCs) as well as in works councils and on the boards of companies governed by the European Company statute (SE-WC and SE-board). **IndustriAll Europe has already begun the process of working towards all EWCs and SEs that fall under its remit, asking to ensure that UK representatives' participation and rights be secured.** Additionally, we will not let unscrupulous employers use Brexit to trigger a race to the bottom on terms and conditions. As multinational companies are forced to move the legal base for their EWCs out of the UK post Brexit, **industriAll Europe will work to ensure that the choice of the new applicable national law is driven by objective criteria and not just a desire to move to a low-standard country.**

Social dialogue, the involvement and participation of workers, negotiation and solid workers' representation structures are all essential in terms of bringing about proper anticipation and socially responsible management of change that will benefit everyone. With the manufacturing sector being at risk of restructuring as multinational companies might revise their strategies in light of Brexit, **industriAll Europe will not accept transnational information, consultation and participation rights being watered down.**

IndustriAll Europe represents the interests of all European workers in Social Dialogue committees established with European-level employers' organisations in many sectors: Metal, Steel, Paper, Shipbuilding, Textile & Clothing, Footwear, Tanning/Leather, Electricity, Gas, Extractive industries and Chemical industries. **IndustriAll Europe will call on the European Commission to ensure that the interest of UK workers continues to be represented in these bodies, so that they remain part of European-wide social dialogue.**

The benefits brought by the Single Market to European industrial supply chains must be upheld after Brexit

As stated in the industriAll Europe manifesto of 2014, Europe's industrial workers remain convinced that "industry has a future in Europe and that industrial policy is a cornerstone of economic policy."

Brexit is a real risk to this. Much has been written on the potential economic impacts on the UK of leaving the EU and no longer having access to the Single Market. However, these risks extend to all of Europe. Integrated supply chains and internal trade within the Single Market are some of the key features of Europe's manufacturing industries.

Free movement of goods within the EU is secured through mechanisms like mutual recognition, "essential requirements" on products and "harmonised European standards" set by European Standardisation Organisations (CEN/Cenelec, ETSI), following a mandate by the European Commission, to provide a presumption of conformity to these requirements. In several sectors covering higher risk goods (like chemicals) more in-depth regulatory standards exist (including licensing or testing). Leaving the EU would mean that the UK will leave this regulatory framework, a common framework that has, in many ways, been the driver for industrial development across Europe. It also means that it will leave the Customs Union, which implies higher administrative costs of trade such as applying rules of origin, value-added taxes, physical customs controls, and conformity assessments.

The UK will also no longer be part of the numerous EU free trade agreements. Failing a new agreement with the EU, tariffs on UK exports to the EU would be based on the EU's standard Most Favoured Nation tariffs, compared with the zero tariff rates at present. Under the MFN rules of the WTO, the average tariff will be around 3%, but cars (10%) and processed food would face substantially higher tariffs which would put potentially tens of thousands of jobs at risk.

Brexit also has the potential to severely damage EU-UK supply chains. Over the past decades, the UK economy has become an integral part of European and global production chains in many sectors, especially for automobiles, aerospace, electrical equipment, chemicals and pharmaceutical products. Nearly half of the UK's intermediate imports and exports are with other EU countries. Often, parts and components (like the wings of Airbus planes) move back and forth several times across borders. These sectors are very important for the EU but absolutely crucial for the UK, accounting for almost half of the industrial production of the country. Putting hurdles on these supply chains will increase production costs and there is a real risk of disruption in these sophisticated supply networks that will put the jobs of European industrial workers at risk.

Moreover, the UK has been a magnet for Foreign Direct Investments (FDI), most of it from coming from EU Member States. For a great number of these FDIs, access to the EU Single Market is a prime concern when investing in the UK. Without this access, Brexit could cut FDI inflows notably

from the EU, resulting in lower investments, a decline in the capital stock and a negative impact on innovation and productivity. Equally, the attractiveness of the European Single Market lies its size. If it is amputated by 60 M people, it reduces the rationale for international companies to invest in the EU compared to other world regions, with the same negative consequences.

Similar barriers to trade could be put in place for EU companies exporting to the British market. Increased tariffs and non-tariff barriers with the EU would lead to less trade between the UK and the EU (EEA). In the case of a “hard Brexit”, this situation could only be overcome by striking a bilateral trade deal between both sides.

The potential for Brexit to put up such barriers to trade across the Channel is of great concern to industriAll Europe. That is why we are of the strong belief that **tariff- and barrier-free mutual access to markets in the European Union and in the UK, along with the associated responsibilities that come with this, must be the aim of all sides during the Brexit negotiations.**

Rise of racism and xenophobia is unacceptable

It is a guiding principle of our movement that an injury to one is an injury to all. This means that **industriAll Europe is committed to opposing any instance of racism, xenophobia, prejudice or sectarian division in our workplaces and across wider European society.**

Right wing nationalist politicians have fuelled division and distrust in many European countries and the Brexit debate was just one extreme example of this with the Leave campaign attacking and denigrating migrant workers who have done so much to support public services and communities in the UK.

The problems that have been blamed on immigration are the responsibility of austerity obsessed governments who slashed public services, and predatory employers seeking to exploit some of the most vulnerable in our societies.

In response to Brexit, but also in relation to the dangers of right-wing populism facing Europe, **industriAll Europe will continue to take a lead and make sure that solidarity triumphs over division.** The racism that we are seeing in Europe is based on dehumanising people. We as unions reject and denounce this practice and will always defend and protect Human Rights.

No to national egoisms – A good deal is in the interest of All

EU membership has delivered significant economic benefits, for all EU Member States, through increasing the openness of their economies and supporting trade and investment. This is particularly important for the manufacturing industry with its sophisticated supply chains, high levels of R&D and advanced production processes.

The impact of ‘taking back control of Britain’ (the British version of ‘make America great again’) on industrial employment will take place through the trade and investment channels. Reintroduction of tariffs and non-tariff barriers, as well as increasing regulatory divergence, will affect trade volumes and investments. Particularly for the manufacturing industry non-tariff barriers are a significant impediment to trade. Brexit will also cut throughout industrial supply chains. Less trade automatically means less production, disinvestment, less economies of scale, loss of productivity, less investments, less innovation, reduced profitability, pressure on wages, etc.

For the United Kingdom, *‘The conclusions of this document are clear: none of the alternatives support trade and provide influence on the world stage in the same way as continued membership of a reformed EU; and all of them come with serious economic costs that would affect businesses, jobs, living standards and our public finances for decades to come. To put it simply, families would be substantially worse off if Britain leaves the EU’ - Chancellor of the Exchequer, HM Treasury, the long-term economic impact of EU membership and the alternatives’*, April 2016, p.5.

A reduced EU will feel the pain as well. According the OECD, EU GDP will be negatively affected by Brexit. By 2020, economic growth would fall by 1% compared to the baseline scenario, mainly resulting from the decline in exports to the UK (a problem which is magnified for those Member States that register an export surplus with the UK). This decline risks being fueled by a permanent low exchange rate of the sterling.

Other factors that could lead to a possible negative impact on the EU include the following:

- Prolonged uncertainty about new arrangements between the EU and the UK would cause investment and hiring to be held off,
- Increase of risk premia on financial products because of the former but also because of the bigger fragmentation of financial markets (reduced role of the City),
- The rupture of industrial value chains, as stated above,
- Without the UK, the EU will be a less attractive trade partner and will lose part of its political weight in trade negotiations,
- The UK was a net contributor to the EU budget with the gap needing to be filled with less spending or higher contributions,
- In general loss of global political power.

Furthermore, Brexit risks reinforcing the centrifugal forces inside the EU as it will increase doubts about the future of the Single Market and the Euro and could lead to more political turbulence supported by populist parties.

The magnitude of the impact, however, will depend on the specific Brexit model. In this respect, the option for a ‘hard’ Brexit, leaving the EU and replacing it by a free trade agreement, is definitely the worst possible outcome for workers in the UK and across the EU.

Over the course of the Brexit negotiations, IndustriAll Europe will put pressure on government, employers and other stakeholders to push for the following:

- **Continued tariff- and barrier-free mutual access between the EU Single Market and the UK, with full compatibility of (safety, environmental and other) requirements placed on products and processes to ensure fair competition**
- **Protection of Health and Safety legislation, of social legislation, and of information & consultation rights, for all European workers, in the EU and in the UK**
- **Stability and growth in the economy that encourages new investment throughout Europe.**