

COVID-19 Statement industriAll Europe

Fighting together for health, jobs, income, and sustainable industries!

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For industriAll Europe and all its members, these unprecedented events require unprecedented action! *Across Europe, trade unions have acted during the pandemic crisis. We have fought to secure incomes, protecting health, guaranteeing safe workplaces, maintaining jobs. We have done this with collective agreements and exertion of influence on political decisions. We called for strikes when the workers had to continue working on production lines without appropriate protective equipment. Today we continue the struggle for appropriate economic and social policy tools to protect workers' jobs against the recession. We demand that Europe's leaders and employers recognise their political and social responsibilities and do what is needed now to avoid a deep recession.*

industriAll Europe recognises the efforts delivered by the ECB, Commission and national governments to identify the best way to overcome the health crisis and to mitigate its economic and social consequences. Nevertheless, industriAll Europe regrets that the COVID-19 crisis has been misused in some Member States as a pretext for destroying democratic checks and balances. Extraordinary powers must be applied in good faith and not be abused to attack social and labour rights.

For industriAll Europe, emergency measures must protect jobs, incomes, and social security with special attention for the most vulnerable workers. This is best ensured by a true dialogue between social partners. Expansionary fiscal and monetary policies will also remain essential for some time to limit the depth of the upcoming recession. There must be social justice strings attached to public support for private companies, through guarantees on future investments, number and quality of jobs, fair taxation and the prohibition of windfall profits for shareholders.

In addition to the emergency measures and in order to guarantee the long-term future of Europe's industry, a swift agreement on the proposed European Recovery Plan is urgently needed to kick-start our economies, to finance the twin green and digital transitions and to ensure a balanced recovery. IndustriAll Europe is of the opinion that only with solidarity and Europe-wide coordinated solutions will we be able to effectively manage this public health emergency and to counter its economic fall-out. Failing to do so risks widening existing disparities and fuelling nationalism and populist anger. This could entail further disintegration and could mean the end of the EU as a political and social project. In this respect we must not forget the lessons of the 2008 crisis when Euroscepticism grew among workers that felt abandoned and the undemocratic forces grew stronger.

Fighting for workers' health.

Many industrial workers are at the frontline in the fight against COVID-19 as they ensure essential production and services, risking their own health every day. Many contributed to switching production lines into the production of essential medical and personal protective equipment. At the same time healthcare systems in several Member States have suffered from a decade of budget cuts. For industriAll Europe it is clear that public, free, and well-funded healthcare systems that are accessible

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to all, must remain the backbone of our welfare states. The crisis has also shown that more cooperation at the European level is highly needed in this respect.

To protect workers' health, it is important that:

- **Trade unions play an essential role** in any plan to re-start production in order to safeguard the protection of workers. Therefore, previous agreement by trade unions is needed and Directive 89/391 must be scrupulously implemented in all countries and workplaces.
- **workers must feel reassured to go back to work.** No worker can be forced to resume work when his/her safety cannot be guaranteed. Therefore, strong workplace health and safety measures must be put in place. Consultation of trade union representatives together with direct involvement of workers themselves must ensure that every worker is adequately protected. Internally and externally available expertise should be called upon when defining and implementing measures.
- **before resuming work, companies must establish a new post-COVID-19 work organisation** on basis of an agreement between national trade unions and employers. This must be done with respect of the precautionary principle and on basis of a thorough risk analysis of each workplace. The level of risk and health and safety conditions at each workplace must be analysed and discussed with workers. Preventive measures must be designed and applied.
- this new work organisation must **guarantee social distancing**: when commuting, at the beginning and end of working hours, during pauses, in the company canteen, by creating the conditions for teleworking, and avoiding group gatherings. If necessary, production must be reduced.
- **workers must be trained** on the adapted safety rules and the use of protective equipment.
- **protective equipment** must be made available (by companies and authorities) for all workers, also non-standard and agency workers.
- **workers with health conditions** must be able to work securely without social contact or be exempted from work while maintaining their full income.
- **compliance** with the organisational measures must be permanently monitored by both the employer and the workers' representatives. They must be supported by specialists for occupational safety, such as company doctors, and safety officers. External control must be ensured by National Health and Safety Inspectorates.
- due attention has to be paid to the psychological impact the COVID crisis can have on the mental health of workers that are exposed to risks because they have close contacts with customers, have to combine working from home with educating their children or are separated from their families as a result of closed borders (eg. posted workers).
- the new work organisation must be maintained as long as needed to **avoid a secondary outbreak** of COVID-19. Companies should also seize the opportunity to introduce a new, innovative work organisation (telework included) that is human-centred and makes the most of the competences of their workforce.

Fight for workers' income

Besides the health challenge, it is key that workers that are affected by the lockdown have enough income to make ends meet. For a swift recovery it is important that purchasing power is maintained. IndustriAll Europe cannot accept that the recession should be accompanied by price rises that could lead to widespread impoverishment. No austerity programs will be imposed in the aftermath of the crisis as this will kill the recovery. Workers should not become victims of the outbreak and have to be protected from income loss by:

- national governments **ensuring well-functioning social security systems** such as unemployment insurances, paid medical leave (also for workers put in quarantine), income support for workers with children during the lockdowns of schools and childcare facilities.
- strengthening the **social rights of the most precarious workers** such as non-standard workers and agency workers.
- tailored measures for **all other people falling through the cracks** and do not qualify for unemployment or health insurance (e.g. freelancers).
- **suspension of mortgage payments** for the duration of the crisis; home foreclosures should be prohibited.
- **guaranteeing access to essential utilities** (electricity, heating, internet) must be maintained and deferral of payments authorised.
- Increasing the allowance and the duration of **short-time work arrangements** (and establishment of such schemes where they do not exist).
- accompanying the new temporary European SURE instrument for supporting short-time working arrangements by European minimum standards regarding geographical scope, duration, adequacy of payments, inclusiveness, preservation of jobs, training and involvement of social partners.
- the Commission presenting an ambitious action plan to encourage the member states to follow through on their promises regarding the proclamation of the **European Pillar of Social Rights**.
- launching a European-wide debate about **adequate strategies to prevent further deepening of social divisions inside the EU**. Indeed coronavirus crisis risks to increase inequality, both within member states as between member states. A more equal Union should become one of the key issues of the upcoming Conference on the Future of Europe.

Fight for workers' jobs

Companies in all sectors of the economy have stopped operations, cut working hours, and laid off staff, starting with the most precarious workers. In one month's time more than 30 million workers in the EU filed for unemployment benefits. With many companies balancing on the brink of collapse, it is essential to ensure that companies and the millions of workers they employ, can remain afloat. Productive capacities must be protected during the lockdowns in order to allow them to restart as soon as conditions allow. Therefore, it is important to:

- establish schemes that allow to maintain the **liquidity of companies** (bridge loans at close-to-zero interest rates state guarantees deferrals of tax, VAT, and social contributions payments). Without sufficient support by their governments many companies risk disappearing, making the decline in GDP even stronger and the recovery much slower. This support must be conditional in maintaining

employment and good working conditions, including a 'right to return' for workers that have been made redundant.

- relax **European state aid** rules during the pandemic to help viable businesses survive (with companies refraining from dividend payments, bonuses, and share buy-backs in exchange) e.g. by providing loan guarantee schemes, soft loans, wage subsidies, tax credits. Also, this support should be made conditional on maintaining employment and decent working conditions. State aid must also be conditional on full tax transparency (e.g. country-by-country reporting), abstaining from aggressive tax planning and withdrawing activities from tax havens. State aids should be compatible with the European Green Deal objectives and designed to support a just transition towards a carbon neutral and a circular economy, keeping in mind the need to pay attention to sectoral and regional circumstances.
- Support member states to deploy and strengthen **short-time work schemes**. These schemes increase job security as part-coverage of salary by the state and are conditional on workers being kept on the company payroll. These schemes should also be connected to skills upgrading in order to strengthen our human capital. Member States that do not have such systems, should install them (e.g. by making use of the newly created SURE-fund).
- consider **public stakes in** companies if needed to save viable companies or to defend Europe's strategic interests.
- **Ensure that banks** show flexibility in the treatment of non-performing loans, offer interest waivers and payment holidays to all companies willing to save jobs. Support member states to deploy and strengthen national development banks and regional public banks.
- **sustain jobs across the entire value chain** by accepting flexibility in the terms of supply contracts (e.g. exempt subcontractors for paying penalties for default in delivery due to the confinement measures imposed to them), by supporting the weakest links in supply chains, and by monitoring and finding swift responses for supply chain disruptions. To guarantee a responsible business conduct and sustainable supply chains an EU regulation on corporate human rights and environmental due diligence is needed.
- **avoid COVID-19 being used as an excuse** for redundancies, attacking working conditions, dismantling collective bargaining systems, neglecting information, consultation and participation and other labour rights. Tangible and swift actions have to be taken to guarantee the effective enforcement of EU workers' rights to be informed, consulted and to participate in decision-making before any decision is adopted, both at national and EU level.
- develop the tools that allow for **timely anticipation and management of the wave of restructurings** in the post-pandemic period and find a decent solution for every single worker affected by a restructuring. These tools include, besides proper and timely information and consultation, also the possibility for trade unions to present alternative strategies to prevent massive redundancies and to organise (re)training activities. For workers that lose their job a smooth transition should be organised (by means of group outplacement, tailor-made training programmes, and job search assistance). Income security should be guaranteed throughout the whole process towards a new future. Regional redevelopment plans should create new job opportunities. Finally, lifelong learning and permanent up- and reskilling are important tools to strengthen the position of workers on labour markets.
- Young people, migrants and workers with ethnic background are already the big losers in this crisis and their unemployment rate will be staggering. The EU must set up a major programme for youth

employment through relocation and the adoption of major European projects. It must also set up support programmes for migrants and workers with ethnic background

- The crisis has revealed that women are paying a heavy price either because they are precarious workers or because teleworking while taking care of children and household chores has become an ordeal. The status of women at work must become a priority issue from now on. Finally, it is becoming essential to give due recognition to qualifications in female-dominated professions, which are often even less well regarded. This raises the question of increasing wages for these professions.

Fight for our industries

Besides short-term targeted responses, designed for a sudden economic shock, it must be avoided that the temporary loss of output turns into a permanent one and that the liquidity crisis becomes a solvency crisis. Indeed, COVID-19 will have important ripple effects that will negatively impact economic growth. There is no time to waste for dealing with the long-term impact of an economy that was completely put on hold, resulting in skyrocketing unemployment figures, dramatically falling industrial production, increasing debt, growing inequalities, and poverty. Comprehensive economic recovery packages will be needed to reboot the economy and to increase economic resilience while minimising any impact on workers' health and avoiding a rebound of the virus. Therefore, industriAll Europe calls for a swift agreement between the European Institutions on the EU Recovery Plan (incl. the Next Generation EU recovery fund) presented by the Commission on 27 May 2020. industriAll Europe welcomes this Recovery Plan as it establishes a coordinated European post-pandemic recovery strategy that supports public and private investments in the twin transition to a digitalised and low-carbon economy.

In light of the negotiations before its adoption, industriAll Europe strongly urges European leaders to ensure that the final plan:

- supports the implementation of the Green Deal, the Digital Strategy, as well as the new industrial strategy (which was published just before the pandemic).
- provides a truly European response that is ambitious and targeted to have a significant macro-economic impact and help avoid further destruction of capital (also human), restore confidence and generate important multiplier effects. The plan must contribute to avoiding an asymmetric recovery (as some member states have more fiscal space than others to support the recovery) and thus promote internal cohesion and solidarity.
- substantially increases the resources for the Just Transition Fund and thus alleviate the social consequences of the crisis and the economic transformation.
- is to the benefit of all EU members, especially those hit hardest by the pandemic.
- advances our shared political priorities: bringing industry back to normal, investing in critical industrial and social infrastructure and the low-carbon economy, developing common programmes for industrial reconstruction, and supporting good industrial jobs.
- is accompanied by stronger enforcement mechanisms regarding the respect of European Treaties, regulations and rule of law. The necessary institutional checks and balances must be put in place to ensure sound financial management and to guarantee that taxpayers' money is well spent.

- is not only financed by means of loans but also by new own resources.
- trade unions are a partner in the development and implementation of the recovery plan through social dialogue and consultation e.g. on the use of the Just Transition Fund or the support to industrial value chains.

The final plan must be accompanied by action to:

- **map the impact of COVID-19 on all industrial sectors** in order to analyse the depth of the crisis for each individual sector, to identify the policies needed in support of their recovery, and to assess the impact on their capacity to respect regulatory obligations.
- **prevent hostile take-overs** (as stock prices are currently very low) of European companies by (state-backed) companies from outside the EU by making use of the new European screening mechanism on foreign direct investments or by governments buying stakes. Attention should be paid to the creation of monopolies as weaker companies risk take-overs from stronger players. Trade union involvement in take-over decisions is required to avoid aggressive acquisitions by hedge funds or private equity companies that are only interested in short-term profits.
- **strengthen economic resilience** by (re)building strategic value chains inside the EU, by supporting industrial alliances, by reintegrating supply chains inside the EU, by increasing self-sufficiency (e.g. regarding energy, pharmaceuticals, raw materials), by developing a circular economy, and with domestic production of strategic equipment.
- ensure **companies and individuals pay their fair share of taxes**. With member states urgently in need of substantial public resources, the EU can no longer delay in combating tax avoidance, tax evasion, money laundering or the introduction of a common consolidated tax base and a minimum corporate tax rate
- **continue monetary easing policies** by the ECB as long as required.
- prevent protectionism and safeguard free and fair trade between the EU and the rest of the world based on multilateral rules.

A united and determined Europe is needed to fight back.

The COVID-19 pandemic has put Europe's industry in a situation of almost complete lockdown. An extremely severe recession is looming. As the virus knows no borders, a common European (and global) response is of paramount importance to protect citizens and to save the economy. Overcoming the crisis while leaving no one behind, must be guided by solidarity across our societies, by working together in an effective way and by the will to find common solutions. It will represent an unprecedented test for European unity and solidarity.

Many of the measures announced by the ECB, the Commission and the Member States represent steps in the right direction. However, more European determination and coordination should enhance the impact of the measures taken. Furthermore, as European economies are interdependent and as value chains are internationally organised, Europe should also take the lead in coordinating the phasing-out of confinement measures and restoring free movement in the internal market based on the precautionary approach. Opening and closing of borders should be organised in a coordinated way on basis of a common approach. It is also of utmost importance that the lessons of the current COVID19 crisis are learnt in order to prevent a resurgence of the pandemic.

Most important however is the design of a European recovery strategy that has the ambition to avoid a prolonged economic recession or even depression. It is now that the EU must put in place the foundations for strong, sustainable, and inclusive growth. Bold ‘whatever-it-takes’ policies will be needed to fend off another lost decade of fragile and unequal growth. This requires strong European solidarity and awareness that we will need -more than ever before- of European coordination to get out of this crisis. A recovery strategy based on a coordinated and large-scale post-pandemic investment plan, supported by a bold recovery fund, and with the ambition to create all over Europe quality jobs in a smart and sustainable economy would be a powerful display of solidarity and reduce the risk of an anti-Europe backlash in some Member States. It should also strengthen Europe’s strategic autonomy in many key value chains.

To save millions of jobs and companies, it is important that governments act decisively to ensure the continuity of economic activity, to stave off bankruptcies and to prevent layoffs. The decisions that are taken today will determine the future of our economies and societies for many years to come.

As workers are at the frontline of the COVID-19 crisis, trade unions at all levels (companies, sectors, regions, Member States, and the EU) must be involved in the design and implementation of all measures taken to contain the crisis, to re-start the economy and in all efforts to restore employment.

Strengthening trade union power will be needed to ensure that this pandemic crisis cannot be used to undermine the rights to collective bargaining and information/consultation and protect universal labour rights. A strong and active base of organised workers is the best guarantee for protecting workers’ jobs and their social rights. The rights of co-determinations must be strengthened forcefully.

COVID-19 has also highlighted the importance of strong public services and social safety nets and put an end to the belief that neo-liberal deregulation policies and a ‘minimal state’ are the best guarantees for economic growth.

IndustriAll Europe reaffirms the necessity to strengthen workers’ and trade union rights. Social dialogue, collective bargaining and workers’ participation have proven to deliver positive contributions in the fight against the corona crisis. Joint solutions in protecting workers’ health and safety, their incomes, and their jobs, have been found at all levels: interprofessional, sectoral, and company level. These tools are not only essential to address the emergency but are also fundamental for deploying recovery strategies. Indeed, it will be impossible to reconstruct our industries without the commitment and the contribution of their workers. Finally, despite the deep economic shock provoked by COVID-19, it could, if managed well, also be an opportunity for making our common European project stronger, more social, and more sustainable.