Europe's industrial workers at a crossroads: responding to geopolitical instability, economic volatility and the threat of deindustrialisation

Document adopted by the 35th industriAll Europe Executive Committee
Elewijt, 27-28 May 2026 | 2026/178

Our context

Europe is facing a period of intense geopolitical instability, marked by escalating conflicts, disruptions to critical trade routes, rocketing energy prices and growing global fragmentation, with direct and indirect consequences for European industry, employment and social cohesion.

Recent geopolitical escalations have once again exposed Europe's ongoing vulnerability to external energy and raw material shocks, particularly through rising fossil fuel prices, supply chain disruption and market volatility, aggravating inflationary pressures while economic growth slows. Once again, Europe's enormous dependence on geopolitical developments is evident, which is accompanied by burdens for European consumers. Furthermore, the acute crisis in the fertilisers sector poses wider food security risks in terms of supply as well as costs.

Industrial workers across Europe are already experiencing the consequences of this volatility through job losses, short-time working schemes, production slowdowns, rising living costs, wage erosion and increased employment insecurity, just as purchasing power was beginning to recover from earlier crises.

The combination of high inflation, weak growth and underinvestment constitutes a serious risk of stagflation, threatening industrial employment, collective bargaining outcomes, social protection systems, public services and social stability.

Energy markets continue to transmit geopolitical shocks directly to households and industry, while profiteering and price gouging by some at the petrol pump and in fossil and energy-related sectors persist, undermining public trust and economic fairness.

The current electricity market design, based on marginal pricing and merit order principle links electricity price to fossil fuels and CO2 cost even when most of the electricity is generated from low-emission sources. This market design remains ill-suited to a decarbonising energy system, exposing workers and industry to unnecessary price volatility despite a generation mix where non-fossil sources provide 70% of the electricity generated in Europe.

To guarantee sustainable and predictable prices for households and industry alike, Europe must move away from a purely market-based approach to energy and return to a pricing system based on the real costs of production, maintenance, securing infrastructure and preparing for future investments. Energy

security cannot be based on market volatility but must be guided by public planning and long-term investments in abundant, reliable and low-carbon infrastructure.

Europe's industrial base has been systematically weakened by a lack of industrial policy, structural private underinvestment, financialisation and unfair wealth distribution that prioritise short-term returns over productive investment, innovation and long-term industrial resilience. Nearly all industrial sectors are under pressure, with energy-intensive industries, basic materials, strategic manufacturing and clean technology production particularly exposed to relocation, downsizing and loss of strategic capacity.

Europe's dependence on a few third countries for energy, critical raw materials and basic chemicals, key technologies, clean industrial inputs and security-relevant manufacturing, notably China and the US, represents a growing risk to economic security and democratic sovereignty. This dependency is set to intensify without an adequate response to the recently adopted Chinese 5-year plan which aims to reinforce dominance of critical value chains.

Past crises, like the Covid 19 pandemic, have demonstrated that coordinated European action, including joint purchasing, strategic reserves and employment protection instruments, can mitigate shocks and protect workers when deployed decisively and in time. However, investment alone does not guarantee fair outcomes and must be accompanied by binding social conditionalities and strengthened industrial democracy across Europe, not a weakening of worker participation or rights under the guise of cutting red tape.

Therefore, industriAll Europe Executive Committee:

1. Reaffirms that **de-escalation, diplomacy, respect for human rights and international law are essential foundations for a peaceful and democratic future**. As Russia's war against Ukraine continues and conflicts escalate in the Middle East, we express deep concern about the growing risks to global stability and civilian lives. Alongside the international trade union movement[1], we strongly condemn the bombing carried out by the US and Israel against Iran and Lebanon, as well as the Iranian regime's retaliation against their neighbours and their violations of human rights within Iran. We condemn all violations of territorial integrity and all unilateral military actions that undermine the international rules-based order, and we call for immediate de-escalation, and a return to diplomacy and dialogue. Workers and their families are always the first to suffer the consequences of war.

And demands that:

2. **Europe must act urgently and collectively** to address the industrial, social and economic consequences of geopolitical instability and renewed price volatility, placing workers and industrial resilience at the centre of EU action;

3. The European Union and Member States must **counter stagflationary risks** through coordinated macroeconomic policies that support demand, protect and strengthen purchasing power and enable sustained public and private investment;

4. **Workers must not pay the price of crisis-driven profiteering**. IndustriAll Europe calls for:
    - windfall profit taxation;
    - binding measures to prevent price gouging in energy and essential goods markets;

[1] https://www.ituc-csi.org/ITUC-urges-immediate-ceasefire

- revenue from such measures to be redirected toward public investment in the energy transition and in social protection;

5. The EU must urgently **reform energy policy**, including:
   - decoupling electricity prices from marginal fossil fuel pricing;
   - strengthening regulation to stabilise prices for households and industry;
   - a European industrial electricity price that is at a globally competitive level including a harmonised system with adequate financing and social conditionalities;
   - accelerating the deployment of affordable clean energy and the enabling infrastructure, while respecting national sovereignty in the energy mix;
   - European reindustrialisation and large-scale transition to clean energy sources will require robust, balanced and controllable networks. This demands massive investment in electricity infrastructure, controlled interconnections, as well as the deployment of coherent and complementary flexibilities within each EU country;
   - Fostering energy efficiency and energy savings, where feasible;
   - Increasing RDI in energy technologies and innovation;
   - Recognise the complementarity of all low-carbon sectors (all available CO2-neutral energy sources, flexibility, storage, and smart grids, green gas and synthetic gas) because no single technology can guarantee security of supply, industrial competitiveness and the achievement of climate objectives;
   - While the situation is different in each Member State (in terms of electricity generation and the impact of the energy price crisis), the European energy framework must be based on strong solidarity between EU Member States, the pursuit of a much stronger coordination of energy policy in Europe, and the principle of energy as a basic right and service for European citizens.

6. **Immediate crisis-response mechanisms** must be activated, including:
   - SURE-type European employment protection instruments to support short-time work and prevent layoffs;
   - Social conditionalities on all emergency support to industry including employment security guarantees;
   - coordinated action on strategic reserves, joint purchasing and demand management, as successfully used during previous energy crises;

7. Allow governments to act decisively by increasing the **flexibility in EU fiscal rules**, with conditionalities attached. The escape clause of the Stability and Growth Pact should be triggered to ensure a sustained fall in investment does not further weaken the economy;

8. Europe must commit to a **proactive, long-term industrial policy**, aimed at:
   - rebuilding and strengthening industrial ecosystems across all regions;
   - mobilising large-scale public and private investment with strong social, employment and environmental conditionalities and clawback mechanisms;
   - stimulating demand for Made in Europe products respecting high social and environmental standards along value chains;
   - ensuring fair transitions through adequate resources, skills development, training and quality employment, to maintain and create good industrial jobs;
   - anticipating and managing change the social, green, and digital transformation, through mandatory and timely information and consultation of workers and their representatives at company level;

9. **Strategic autonomy requires industrial depth**. Greater European industrial sovereignty also presupposes the ability to design, manufacture, maintain, secure, transform and renew its equipment throughout the industrial value chain. For critical raw materials, Europe must give priority to its own capacities where possible and organise, where this is not, a coordinated policy of diversification and security of supply. Notably, Europe must develop and retain domestic capacity in:
    - clean steel and basic materials;
    - batteries, hydrogen and key clean energy technologies (electrons and molecules);
    - Semiconductors and other microelectronics;
    - critical raw materials processing and recycling, and other circular economy technologies;
    - defence- and security-relevant manufacturing;
    - pharmaceuticals and active ingredients
    - AI
    - automotive

10. Industrial policy will remain ineffective without **adequate fiscal capacity**. The EU must expand common financing instruments, building on the experience of Next Generation EU, and reject a return to austerity. Wherever companies benefit from public money, we demand **binding social conditionalities**;

11. IndustriAll Europe reiterates its opposition to **austerity, deregulation and social regression**, which would deepen insecurity, weaken resilience and increase political instability;

12. Proactive industrial policy needs **stronger democracy at work**. Therefore the proposed 'EUInc' must be radically changed to avoid that actions to stimulate growth in Europe further weaken workers rights and participation.

13. IndustriAll Europe and its affiliates commit to **active engagement and mobilisation** to ensure that Europe's response to current and future crises delivers:
    - good industrial jobs;
    - strong workers' rights and collective bargaining;
    - just and inclusive green and digital transitions.

A Europe reduced to the sole logic of competition weakens its workers, its industries, its ability to respond to crises and preserve peace. Conversely, a Europe based on industrial, energy and social cooperation is the only sustainable way to guarantee security of supply, social justice, climate transition and collective sovereignty.