



TOGETHER FOR A FAIR DEAL FOR WORKERS

EL/LV/MC/LDNL/ch
Brussels, 09 April 2025

To: Ministers of the ECOFIN Council

[Letter sent by e-mail]

Subject: Towards a Coordinated and Fair European Investment Framework for Security and Prosperity

Dear Ministers,

At this pivotal moment in European history, we call on you to listen to the concerns that European workers express through their trade unions. The geopolitical and economic challenges we face today—ranging from heightened defence needs to the energy transition, economic sanctions, and global trade tensions—demand a coherent, future-oriented, and socially just response at the European level.

The ETUC strongly believes that this moment calls for bold and unified leadership. The time has come to move beyond ad hoc national responses and demonstrate a common European ambition. We therefore urge the ECOFIN Council to consider our proposals, on which we are ready to open a structured and constructive dialogue with the EU institutions.

The establishment of a European Investment Facility can respond adequately to the huge public investment gap identified in the Draghi report and heightened with the ReArm Europe plan, which proposes unlocking national escape clauses to permit defence-related expenditure increases of up to 1.5% of GDP. However, **highly indebted Member States will not benefit equally from these derogations due to limited fiscal space**. Relying on national fiscal leeway and debt-financed instruments such as SAFE risks creating greater divergence and undermining cohesion within the Union.

Instead, we strongly advocate for the financing of necessary investments—across sectors—through the **issuance of common Euro-denominated EU debt**. Common European debt is not only more equitable and effective, it also acts as a macroeconomic stabiliser with counter-cyclical effects, especially during downturns. It ensures that all Member States can contribute to and benefit from Europe's strategic objectives, regardless of national fiscal constraints. A European Investment Facility based on such instruments would enable collective investment, strengthen convergence, and prevent asymmetric recoveries. EU-level borrowing can sustain aggregate demand, support



social cohesion, and help build resilience. Moreover, it provides a European safe asset, lowers borrowing costs across the board, and reinforces the integrity of the euro area.

We are deeply concerned about proposals to redirect cohesion funds towards defence purposes. These funds are vital to long-term investments in education, health, housing, and infrastructure—pillars of the European social model. Redirecting them would compromise essential priorities while funding equipment that is, in many cases, procured outside the EU. Prioritising external security at the expense of internal cohesion would be a profound strategic mistake.

Financing the defence sector cannot be effective without a clear and coherent EU-wide defence policy. In the absence of such a framework, increased spending risks inefficiency and weakens citizens' trust that the EU is acting for just and durable peace.

Moreover, we must recognize that security encompasses far more than military capabilities. It includes social, civil, and economic dimensions, and must rest on a strong and inclusive social contract. The upcoming quality jobs framework should become a key pillar of the EU's industrial and economic strategy. A robust social fabric—built on fairness and cohesion—is indispensable to Europe's long-term resilience. Workers and their families must feel protected—not only from external threats, but also from the impacts of decarbonisation, restructuring, trade shocks, and inflationary pressures.

A Just Transition must be at the heart of the EU's investment strategy. This means protecting incomes, jobs, and essential public services. It means ensuring that the costs of transformation do not fall disproportionately on those least able to bear them—and that no region or worker is left behind.

The SAFE instrument remains insufficient to meet the scale of the challenges ahead. What is needed is a permanent European Investment Facility, funded through common EU debt, to mobilise large-scale investment in strategic sectors—not limited to defence, but extending to green and digital transitions, housing, education, innovation, and social infrastructure.

In parallel, the EU must urgently suspend and review the Stability and Growth Pact. The current fiscal rules, even in their reformed version, risk acting as a straitjacket, preventing Member States from making the investments necessary for sustainability and cohesion. We call for a reinterpretation of the fiscal framework that explicitly allows space for investment in social progress, competitiveness, and fair transitions.

The Union must also improve the coordination of its economic, fiscal, and monetary policy. In particular, the European Central Bank must play its part in ensuring stability, shielding Member States from speculative attacks, and promoting the convergence of



sovereign borrowing costs. Persistent divergence in financing conditions threatens the cohesion, stability, and future of the EU.

This is a defining moment. Europe must choose between deepening fragmentation or reinforcing unity through shared investment and solidarity. European workers expect and deserve a policy response that matches the scale of the challenges and reaffirms our common commitment to justice, prosperity, and peace.

We trust you will include these recommendations and meet the challenges with ambition and responsibility and commitment to working people, their families and communities.

Yours sincerely,

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