



Industrial policy for quality jobs: Trade and industrial policy

Adopted at the Executive Committee meeting of 24-25 June 2024

Trade is an essential dimension of any industrial policy. The European economy is fully integrated in a global system, relies on imports of raw materials, energy, and intermediate goods and exports to third countries, contributing to the EU's positive trade balance and prosperity. However, excessive dependence on foreign suppliers and disruptions, asymmetry in energy prices and climate action, unilateral export restrictions and tariffs, overcapacities, a global subsidy race call for a rethink of the interplay between trade and industrial policy to realise an “open strategic autonomy” with a strong social agenda¹. The purpose of this resolution – which is part of a broader strategic positioning on industrial policy – is to address the Commission's strategic agenda ahead of the new mandate and the ongoing reflection on trade policy in the Council.

Ensure a fair level playing field internationally

The EU is implementing measures to reach climate neutrality by 2050. These policies, which the ETUC has endorsed while striving for a Just Transition, entail huge investments and increases in production costs for industry while facing tough global competition. Thus the ETUC calls for a rethink of multilateral trade rules that were written before governments committed to take action on climate change. We need WTO rules to incentivise other regions of the world to take similar actions, with the EU providing support to poorest countries (including financial where necessary) and allowed to protect its industry from free-riders to ensure a global level playing.

Trade unions must be involved in this reflection and the reform of WTO rules to ensure that international trade law does not take precedence over environmental law. Concretely, the ETUC supports a Climate Peace Clause to protect climate policies around the world from trade disputes, provided that these policies in third countries are transparent and do not disrupt global supply chains. Such a clause would also ensure that EU climate action would not fall foul of existing international trade rules, and would counter the allegation from trading partners that the EU is being protectionist. In order to increase acceptance in third countries, unilateral measures such as CBAM have to be complemented by supporting tools to develop green industries in partner countries.

Energy and raw material supplies for European industry should be sustainable and fair towards resource-rich countries and should aim at improving their development prospects as well as accommodating their industrial policy objectives without undermining global supply chains that are crucial for the European industry. Trade agreements should not undermine these objectives by restrictive chapters on raw materials: the aim should be to negotiate balanced agreements that meet both partners' interests.



The ETUC also support the recently approved coordinated withdrawal of the EU and member states from the Energy Charter Treaty for its incompatibility with our climate goals.

Climate action is not the only challenge for European industry competitiveness. Overcapacity, dumping, foreign subsidies, market access restrictions require the EU to make use of its existing trade defence instruments while avoiding a piecemeal approach in fighting unfair competition from third countries.

Impose strong universal standards

The Letta report tackles the external dimension of the EU internal market, but its recommendations are cause for concern. On the one hand, the report states that the single market should remain an area of high standards. However, when it comes to other parts of the world, the report suggests that we should move away from a logic of imposing regulations that harm partners and our ability to negotiate strategic partnerships, implying that market access should be the only objective of EU trade policy.

Conversely, the ETUC wants the ‘Brussels effect’ⁱⁱ to project universal values, including high employment and environmental standards. EU trade should act as a lever to improve the lives of workers in third countries, including via ensuring increased compliance with international labour standards – this is the opposite approach set out in the Letta report.

The EU should step up implementation of its 2022 Communication by continuing to include high and enforceable social and environmental standards in new free trade agreements, coupled with targeted and focussed support for implementation. The EU should also update existing trade agreements and roll out this approach in other agreements, especially around strategic partnerships.

The ETUC insists on a workers’ centred trade policy that contributes to quality jobs in both the EU and third countries, with fair and sustainable trade on a genuine level playing field. To achieve this, the inclusion of enforceable TSD chapters with sanctions should be non-negotiable, even if met with reluctance by trade partners.

The ETUC reiterates its demands for these binding clauses, be it through TSD chapters, building on the Level Playing Field approach set by the UK-EU Trade and Cooperation Agreement, or other tools like a rapid response mechanism. The ETUC supports a greater role of the ILO in the WTO to ensure that fundamental rights at work are an integral part of the global trade agenda. However, the ETUC also demands that ILO supervisory mechanisms’ reports be taken into account when assessing the implementation of TSD chapters of EU FTAs, and more broadly of multilateral agreements.

Given the role public services play in supporting a thriving industry, the ETUC restates its demand to systematically exclude public services, directly or indirectly, from the scope of any trade or investment agreement.

The EU can play a role in fostering fair and regulated trade, with its recently adopted rules on corporate sustainability due diligence, accountability and ban on products made with forced labour. However, the EU must be more proactive in ensuring the enforcement of the human rights and environmental standards in all its deals and other initiatives such as the Global Gateway. The EU must also give trade unions a role in ensuring compliance with labour clauses. The EU should provide support for third countries in achieving those standards, and ensure EU companies adequately remediate abuses of labour rights in their supply chains, working closely with trade unions in this process.



The ETUC is also in favour of prioritising alliances with countries interested in upholding ILO conventions. To this end, the EU should not refute offers to include a rapid response mechanism in the bilateral Critical Minerals Agreement as happened recently. Instead, the EU should pursue this approach with allies including at the WTO. The ETUC would support the suspension of trade agreements in the event of proven systematic violation of fundamental rights.

The ETUC believes that EU trade agreements are tools of EU foreign policy and must be used for a successful transformation of our societies in line with the UN Sustainable Development Goals, ensuring a Just Transition, the respect of human rights and high labour standards in Europe and worldwide.

ⁱ <https://www.etuc.org/en/document/positioning-etuc-eu-open-strategic-autonomy-strong-social-agenda>

ⁱⁱ The Brussels effect is the process of unilateral regulatory globalisation caused by the EU de facto (but not necessarily de jure) externalising its laws outside its borders through market mechanisms. Through the Brussels effect, corporations choose to comply voluntarily with EU laws even outside the EU for convenience.