# An EU-financed Investment Facility for quality jobs and just transitions

Adopted at the Executive Committee meeting of 10-11 December 2024

**OBJECTIVES:**

The ETUC supports the creation of an EU Investment Facility financed and deployed at the EU level. The goal would be to help bridge the public investment gap necessary to make our economy sustainable, climate-proof, and thriving for people and workers. Public resources should prioritise making public services and infrastructures sustainable and accessible while enabling private investment in innovative and clean industries under clear conditions.

This Facility is a necessary counterpart to the new rigid fiscal framework adopted in April 2024, which doesn't leave enough fiscal room for public investment in national budgets. By financing the bulk of additional public investments, the facility helps reduce pressure on member states' public budgets.

The ETUC has denounced the deepest gaps in investments in social infrastructure, investments in the green transition, and the development and uptake of new technologies. To avoid sacrificing social cohesion and public services' spending, we need an additional EU public investment capacity to master these financing challenges.

The Facility can also contribute to increasing the fiscal leeway for certain Member States to implement inclusive labour market and sustainable welfare policy, urgently needed for just transitions. The ETUC demonstrated that, the other way round, the lack of just transitions measures and inclusive labour market policies inhibits investments' effectiveness.

**PROPOSAL:**

The volume of this European Facility should represent between 2% and 3% of EU GDP of additional public European investments annually. This volume is justified based on current estimates of additional public investment needs to achieve the EU targets, in the context of the just transitions. The ETUC demands that the investment facility should be large enough to support the systemic challenges of the EU. We advocate for a more extensive scope than the "Draghi report" to increase the resilience of the EU economy.

The Facility allows investments in European public goods (such as cross-border infrastructures, e.g., related to the completion of the energy union, and transport systems), investments to strengthen and decarbonise the industrial basis in the EU, and public expenses dedicated to upskilling and vocational learning for the workers. The Facility would meet the employment protection goals of the successful European SURE programme in a more forward-looking way, allowing the massive investments needed for the decarbonation of our industries and by selecting the most job-promising investments while relying on the positive short-term and long-term macroeconomic effects of public investments on economic sustainability, resilience to shocks and employment[1].

[1] See resolution on ETUC priorities on the Post-2027 EU budget and the next EU multiannual financial framework (MFF) adopted at the Executive Committee meeting on 15-16 October 2024

**European Trade Union Confederation** | Esther Lynch, General Secretary |
Bld du Jardin Botanique 20 - 1000 Brussels | +32 (0)475 601 501 | etuc@etuc.org | www.etuc.org

The governance of this Facility should refer to the partnership principle and include a specific consultation body for a permanent consultation of the social partners at different governance levels, tackling or anticipating change in specific sectors, companies and regions to trigger investments and just transition measures.

The design of this Facility should also build on the lessons learned from the multiple assessments of the RRF. Lack of transparency and technical assistance, inadequate social partner involvement, and insufficient resources to build up administrative capacities have hampered the effective deployment of the RRF.[2] The ETUC criticises that the disbursements of RRF funds were linked to the implementation of structural reforms defined in the European Semester. The undemocratic “money for reforms” practice can lead to labour market reforms that are not in the interests of the workers.

The Facility should enable both loans and grants, seeking efficiency. It should supplement important other budget items, mainly the Structural Funds, but not replace or compromise the latter.

Resource allocation should be subject to the maximum return for EU workers and citizens. Actual investment needs in each Member State should be assessed and presented in national investment plans according to climate targets, infrastructure needs, and social inequalities and monitored by a complete set of relevant indicators to inform public debate and report to citizens.

The financing of the Facility should rely on a mix of instruments, including joint EU debts and own resources. EU bonds would be key to finance the Facility. New own resources are needed to enable the EU to service interest payments and repayment of the principal of the EU bonds and alleviate the Member States' debt burden. Eurobonds' interest rates correspond to an average of the national rates, but the final burden of the interests' payments should not weight on citizens in an unjustified way. Following the example of Next Generation EU, these safe sovereign assets should be guaranteed collectively by all Member states according to their fiscal capacities. They can be held by EU households, as well. New and socially just tax resources are also needed nationally to support socially progressive policies and investments.

Socially conditioned spending should be a key elements of this European Facility. These conditions should be democratically controlled with the participation of social partners. The Facility should respond to the series of principles set in the "*ETUC resolution on Industrial policy for quality jobs- Social conditionalities for social progress*" of 24-25 June 2024[3].

All beneficiaries of public investment subsidies should be equipped with a transition plan that, together with social partners, identifies and enables just transition measures.

The Facility spendings should also ensure progress under one of the underpinning programmes or priorities of the EU; not harm environmental and social objectives of the EU, and respect minimum safeguards on the respect of the EU fundamental rights.

[2] European Commission (2024): *Case study on the functioning of the RRF and other EU funds*.

[3] See ETUC resolution on Industrial policy for quality jobs- Social conditionalities for social progress adopted at the Executive Committee of 24-25 June 2024: to promote quality jobs, to support upskilling and reskilling and the creation of high-quality apprenticeships; to guarantee anticipation and management of change and ensuring a just transition in practice in particular by avoiding redundancies or the deterioration of working conditions; to limit subcontracting chains and ensuring that where sub-contractors are in place the same social conditionalities apply; to ban extraordinary dividend payments and increasing the share of profit that is re-invested in the company and shared equitably with workers; to contribute to eliminate the pay gap between men and women; to ensure that beneficiary companies do not relocate their activities to countries with lower standards, including to tackle tax dumping practices; to ensure that public money does not support employers that undermine workers and trade union rights.