

## ETUC Resolution on the EU recovery strategy after the COVID-19 outbreak

Adopted at the Extraordinary Executive Meeting of 9 June 2020

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### ***The context***

Europe is facing the worst recession since the 1930s, following the worst pandemic in the last hundred years.

ETUC expresses its condolences to the families, colleagues and friends of people who have died from COVID-19. We pay tribute to all workers who provided care and assistance to the people infected and who ensured essential production, supplies and services reached the health care systems and the population. We express solidarity and support to all people who are infected; and to workers, and their families, who have lost their jobs or have been suspended from work.

The pandemic and lockdown have already generated terrible consequences in terms of an economic recession, massive unemployment, deterioration of working conditions and rights, increased inequality and social exclusion. More than 40 million workers in the EU had to resort to short time work arrangements, income compensation and other forms of employment protection. More than 10 million were laid off and went into permanent unemployment, besides all non-standard, self-employed, precarious and undeclared workers, who did not get any access to protection measures.

Elderly people were dramatically affected by the virus, with the highest levels of infection and deaths. Women were particularly hit by the effects of the pandemic, additionally disadvantaged categories such as migrants, mobile and frontier workers, ethnic minorities, people with disabilities and illnesses have experienced a worsening of their situation. Workers who provided care and assistance to the people infected and who ensured essential production, supplies and services were very often obliged to execute their job in unhealthy conditions and without proper protection.

Political leaders and governments have proved to be unprepared to face this unprecedented crisis. Its effects on our healthcare systems and public services have been devastating, proving that austerity and privatisation have been the wrong recipe for the well-being of people and the safety of our societies.

The reaction to the outbreak from the Member States and the EU has come very late and still has many limitations. The emergency measures put in place to support workers, healthcare systems and companies hit by the crisis still show loopholes: many workers and companies are not supported by such measures, which are often not adequate, while in many cases the deployed resources did not reach the ground with concrete help for people, public services and the economy.

This was due to unacceptable divisions among national governments, but also to overwhelming bureaucracy and conflicts of competences between different levels of the public administrations. Additionally, some governments used the outbreak as an excuse to attack the rule of law, human and democratic rights, workers' and trade union rights, particularly collective bargaining. This situation, together with the increasing economic and social emergency, is boosting people's desperation and anger, with far-right populist forces exploiting the opportunity to regain political space, thus undermining our democracy.

### ***Tackling the emergency***

For all these reasons, ETUC has been advocating for a rapid implementation of all emergency measures, in particular SURE, to provide help to workers and enterprises through the crisis, maintain employment, support public services at all level - notably public health and long-term care systems - and ensure the supply of essential services and goods. Furthermore, the ETUC reaffirms the need to expand and prolong the emergency measures, until it will be necessary, and to make them coherent and coordinated with the subsequent recovery strategy.

ETUC has repeatedly issued very clear guidance on how to deploy the emergency measures. Institutional decisions must be taken quickly, without imposing any macroeconomic conditionalities and ensuring full flexibility; resources need to reach the beneficiaries in a timely manner, without been stuck by bureaucracy and the banking system. Full coverage of all categories of beneficiaries, adequacy of payments, compliance with the rule of law and tax obligations, respect of social dialogue and workers and trade union rights, are all of paramount importance.

ETUC has emphasised time and time again that reducing the contagion risk and guaranteeing respect of health and safety provisions for all workers must be the precondition of any emergency or recovery measure. A new, ambitious and effective EU health and safety strategy is essential. We demand the EU and Member States to resolve the delays and negligence they have shown so far, to fully apply the EU-OSHA guidance to tackle the physical and psychosocial risks connected to the Covid-19 outbreak, to provide adequate support to labour inspectorates, to properly involve social partners at all levels, and trade union workplace safety representatives, in designing and implementing sound OSH measures.

ETUC continues to be mobilised to ensure the necessary support, through social dialogue, negotiations, lobbying and coordination, to all workers affected by the emergency. We reaffirm the necessity to strengthen workers' and trade union rights, as well as social dialogue, collective bargaining and workers' participation, as fundamental tools to address the emergency, the exit strategy and the recovery to follow.

ETUC once again condemns the abuse by some governments of the emergency laws so as to curtail the rights of workers and trade unions; and together with its member organisations is at the forefront in the battle to defend democracy, particularly at the workplace, in the labour market and in the economy.

### ***Building a sustainable and inclusive recovery***

ETUC has been urging the EU institutions and Member States to start immediately to define a clear, ambitious, and coordinated EU recovery strategy, according to the extraordinary nature of the crisis. There is a need for a massive fiscal stimulus underpinned by a European Union able to mobilise resources and investment, to address the relevant risks of a huge recession and unemployment following the emergency phase.

We advocate for a recovery built on a more sustainable, inclusive and fair economic model based on a social market economy, where the environment is respected, digital innovation is put at the service of people, the European economy is protected, massive quality job creation is triggered, a fair distribution between profits and wages is ensured, and workers and social rights are protected. The EU and Member States must ensure universality, equality, adequacy and affordability of public services, social protection and education and training.

We have lived more than a decade of austerity and cuts, during which business interests and profits have always come before the protection of people, and environmental and social justice and inequalities in society and at work have been exacerbated. This has to

be fixed, we cannot go back to business as usual and any recovery strategy has to be based on an ambitious, fair and inclusive approach.

### Next generation EU

The European Commission, in its **Communication ‘Europe’s moment: Repair and Prepare for the Next Generation’** published on 27<sup>th</sup> May 2020, has launched a strategy for recovery **‘Next Generation EU’**, that includes funds of up to €750 billion, which together with €1.1 trillion from the Multiannual Financial Framework 2021-2027 will bring the total amount of the own resources of the European Union to 2% of EU Gross National Income, on top of the already launched emergency measures (€540 bn) and ECB so-called PEPP programme (€750 bn). The recovery plan proposed by the European Commission, which took up and broadened the proposal presented by France and Germany and includes many demands pushed forward by the ETUC, is a significant step in the right direction.

ETUC appreciates that such a massive investment will largely be provided to member states through direct grants (€500 bn out of €750 bn), and that the money will be raised via common debt instruments guaranteed by the European Commission through a much awaited increase of EU own resources, thus avoiding creating additional debt in EU countries.

ETUC appreciates that the Commission will propose a number of new own resources, based on the Emissions Trading Scheme, a Carbon Border Adjustment Mechanism and on taxation of the operation of large companies, including a new digital tax and the Commission’s proposals for a simplified Value Added Tax and a tax on non-recycled plastics. Additionally, progressivity of the national tax systems must be ensured, and unfair tax competition be stopped through EU minimum corporate tax base and rate, and reinforced fight against tax havens, tax evasion, avoidance and fraud.

It is positive that investment to get Europe out of recession will contribute to EU commitments to climate action and fight unemployment, particularly for youth. ETUC welcomes that investment in green and digital will be privileged, and that this will be an overarching condition for all funding to economic activities, infrastructures and state aid, including solvency support. Also, it is important that all money will be channelled through economic and social cohesion funds, hence guaranteeing that solidarity, equality and social inclusion are preserved.

Public services, health care, education and training, social protection systems and social infrastructures must be strongly supported. ETUC expects the recovery strategy to focus the principle of just transition at all levels, on reinforcing EU industries and economic sectors, on defending jobs in Europe, on supporting workers affected by insolvency and restructuring process due to the crisis, on redesigning European supply chains by making them more resilient and sustainable, on rethinking our competition rules, and on making our trade policy fairer and more inclusive, particularly through binding and enforceable labour provisions in trade agreements.

Recovery should not be back-to-business-as-before – austerity, cuts and unbearable fiscal conditions must never happen again. Citizens and workers want a fairer and greener Europe that works better for all. The EU cannot simply give money to businesses without exercising some control on how they behave. The recovery plan funding should be conditional on providing decent jobs, transparency on paying taxes and working towards agreed climate goals through just transition. It is important that any company refusing to negotiate with the trade unions does not receive any grants, funds or other public procurement contracts.

The ETUC appreciates that the respect of the rule of law and fundamental rights will be one of the conditions of funding for recovery, while at the same time emphasises the need that workers’, trade union and social rights, social dialogue and economic and

workplace democracy, the European Pillar of Social Rights and the Agenda 2030 of the UN, are at the basis of all funding granted.

It is also very important that in its 'adjusted' *Work Programme for 2020*, which was published together with the recovery strategy, the European Commission has confirmed all initiatives which would boost a fair and socially sustainable recovery. They will include: the Action Plan for the implementation of the European Pillar of Social Rights; the binding pay transparency measures and Gender Equality Strategy; the legislative initiative on fair minimum wages; the youth employment support; the Skills Agenda and the Digital Education Action Plan; the initiative on platform workers; the European Child Guarantee; the possible European framework for minimum income scheme.

Additionally, the review of the EU economic governance rules; a series of initiatives for fair taxation; a permanent European Unemployment Reinsurance Scheme; and a new Pact on Migration and Asylum. The continuation of the process for transposition of already adopted legislation has been confirmed, including the revised Posting of Workers Directive. What is missing from the work programme is occupational health and safety and that needs to be added.

Furthermore, the ETUC will stay vigilant to make sure the Commission's announcement that funding for recovery will be channelled through the European Semester will not turn into new austerity measures and fiscal constraints. The ETUC will continue pushing for the Semester to become more socially sustainable, through proper and structured involvement of trade unions in its design and implementation, at EU and national level.

A specific chapter on the EU neighbourhood, development and international cooperation policy is included in the recovery strategy, with an allocated amount of resources of almost €130 billion. ETUC welcomes the efforts of the EU to support countries facing difficulties in coping with the current crisis and to establish a fairer and more sustainable global multilateralism. At the same time ETUC reaffirms that all funding for external cooperation should aim at the objectives set in the overall recovery strategy, notably economic and social cohesion and convergence, environmental and social sustainability, universal health and social protection, rule of law and human, workers' and trade union rights.

Finally, ETUC welcomes that a section of the recovery strategy is dedicated to the announced European Democracy Action Plan and to the relaunch of the Conference on the Future of Europe, which was postponed due to the outbreak. ETUC emphasises that a reflection on the future of the European democracy is more crucial than ever, political leaders should be open to consider all the necessary changes to the EU architecture and Treaty including reinforcing social rights through a Social Progress Protocol, and social partners at all levels should be allowed to bring their contribution to such discussion, alongside the EU and national Parliaments.

### ***What is next***

The political context in which the discussion on the recovery strategy will take place is very complex, with the governments of the countries known as 'Frugal Four' (Austria, Denmark, the Netherlands and Sweden) opposing a reinforced MFF and direct grants to countries facing major difficulties as consequence of the pandemic. The Commission can count on the support of most of the Euro area countries, while the position of some CEE member states is still unclear.

ETUC considers the recovery strategy presented by the European Commission as generally positive, since most of the demands we put forward have been considered. The proposed strategy can help maintaining upward convergence between Member States and protecting the European economy, society and world of work.

In the current extraordinary circumstances, solidarity is needed more than ever, to deliver long-term stability, prosperity and cohesion based on investment, sustainable and inclusive growth, and high-quality employment and social protection. Without an ambitious strategy which is shared by all Member States and driven by the EU in a communitarian spirit, Europe cannot succeed.

Therefore, ETUC appeals to all governments to shoulder their responsibility, overcome their divisions and go for a swift approval and implementation of the recovery strategy and of the already adopted emergency measures. European workers and citizens need help and cannot wait longer.

ETUC together with its members is ready to contribute to national and sectoral plans to make the recovery strategy fully operational, and to discuss with the European institutions and Member States how to address any possible problems and obstacles for a successful implementation of the strategy.

European democracy, its economy and social cohesion are at stake. We need to defend and strengthen the European project by building people's trust and showing that the EU can protect them in these very difficult times.

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