

## **ETUC statement on COVID-19 outbreak and recovery strategy – 9 June 2020**

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The COVID-19 pandemic and its consequences have put the European project and democracy at risk. The lockdown and the measures adopted by European governments to face the emergency have generated terrible consequences in terms of economic recession, massive unemployment, obstacles to the freedom of movement, deterioration of working conditions and rights, increased inequality and social exclusion.

For the ETUC, the health of citizens and workers and the protection of jobs and rights have been the priority when the institutions were taking lockdown measures. At a time when these measures are relaxed in order to achieve a gradual return to economic activity, the health and safety of citizens and workers must be fully protected.

The effects of the financial crisis on healthcare systems and public services have been devastating, proving that cuts and privatisation have been the wrong recipe for the well-being of people and the safety of our societies. Austerity policies, the neoliberal approach to fiscal policies, competition and trade, led to a dramatic decrease in public and private investment and to many Member States not being able to provide adequate health services to the population and protection to workers in the health and care sectors.

The reaction to the outbreak in terms of Member States' coordination and EU initiatives has come very late. The emergency measures put in place to support workers, healthcare systems and companies hit by the crisis still show serious limits: 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. This has to be fixed as soon as possible.

Additionally, some governments used the outbreak as an excuse to attack the rule of law, human, 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 and anti-European forces exploiting the opportunity to regain political space.

Back to normal is not acceptable if this means business as usual. A sound European response is necessary to prevent and contain economic recession, unemployment and poverty and to rebuild the European project and democracy. The EU is at a crossroads: either it makes a relevant change of direction and commits to its founding principles, or it will face an unprecedented political crisis.

The ETUC has been urging the EU institutions and Member States to start immediately a clear, ambitious, and coordinated recovery strategy. We advocate for a recovery built on a more sustainable, inclusive and fair economic model and a social market economy where the environment is respected, digital innovation is put at the service of people, the European economy is protected, a massive fiscal stimulus for investment and quality job creation is triggered, a fair distribution between profits and wages is ensured, workers and social rights are protected, public services - particularly health care and education and training - are restored and reinforced, universal social protection is ensured.

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.

The ETUC advocates for massive financing for investment to be provided to member states, and for the money to be raised via common debt instruments guaranteed by the European Commission through the increase of EU own resources, thus avoiding creating additional unsustainable debt in EU countries.

The recovery strategy must repair the damage of the crisis and build a new economic and social model based on solidarity, economic and social convergence and cohesion,

finally breaking with austerity policies. The suspension of the Stability Pact has made possible to take the necessary emergency measures, but only a radical revision of the EU economic and social governance and Semester process can ensure a fair recovery.

Investment to get out of recession must contribute to EU commitments to climate action and fight unemployment, particularly for youth, and these have to be overarching conditions for all funding. Public services, health care and education and training, social protection systems and social infrastructures must be strongly supported.

It's important to increase the EU own resources, based on the Emissions Trading Scheme, a Carbon Border Adjustment Mechanism and taxation of operations of large companies, including a new digital tax and a tax on non-recycled plastics. Unfair tax competition has to be stopped through EU minimum corporate tax base and rate, and reinforced fight against tax havens, tax evasion, avoidance and fraud.

The ETUC expects the recovery strategy to focus on just transition at all levels, on reinforcing EU industries and economic sectors, on supporting workers affected by insolvency and restructuring process, on redesign European supply chains to make them more sustainable, on redesign our competition rules, and on making our trade policy fairer and more inclusive, in particular through binding and enforceable labour provisions in trade agreements.

The EU must not give money to businesses without exercising control on how they behave. The recovery plan funding should be conditional on providing decent jobs, 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 has always demanded that respect for the rule of law and fundamental rights is one of the conditions of funding for recovery, while stressing the need for labour, 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, to be at the basis of all funding granted.

It is also very important that the European Commission confirms all initiatives which would boost a fair and socially sustainable recovery, while increasing the profile of its neighbourhood, development and international cooperation policy, and strengthening its commitments for an European Democracy Action Plan and the relaunch of the Conference on the Future of Europe.

In the current extraordinary circumstances, solidarity is needed more than ever. 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, which is not enough but it's urgently needed. European workers and citizens need help and cannot wait longer.

The ETUC, together with its member organisations, is ready to contribute to national and sectoral plans to make the recovery strategy fully operational. We call for effective social dialogue and full involvement of trade unions and social partners at the highest level with EU institutions and Member States' governments.

The future of European democracy, economy and social cohesion is at stake. The trade union movement in Europe has always defended the strengthening of the European project by promoting a European Union that protects its citizens and working people. The European Trade Union Confederation, representing all workers across all countries, is united in calling for a fairer Europe of solidarity, rights and social and environmental justice.