

A NEW PATH FOR EUROPE: EUROPEAN TRADE UNION CONFEDERATION PLAN FOR INVESTMENT, SUSTAINABLE GROWTH AND QUALITY JOBS

Five years after the beginning of the crisis, European citizens continue to suffer from economic and social uncertainty. Unemployment, precarious work, inequality and poverty ruin the lives of many. Beating the recession, and the stagnation of our economies, giving people hope and confidence is the most urgent task facing EU leaders.

The EU has the potential to combat the crisis. There is an urgent need to take a new direction, to stabilise the economic situation and create quality jobs in a social Europe. The EU must use its strengths to forge a more prosperous, equal and democratic future.

It is necessary to have a longer-term perspective. Massive investments are needed to give our economies a new start, based on sustainable growth. We propose an investment target of 2% of EU GDP annually over a ten-year period. This will have the additional effect of boosting added private investment, and promote wide-scale private modernisation measures.

Such investments would help building a strong industrial base, good public services, properly functioning state systems, with inclusive welfare systems, and innovative research and educational institutions.

€1,000 billion was spent to save the financial sector. €1,000 billion is lost every year in tax evasion and fraud. It is now time to spend €250 billion for quality jobs and a good future for EU citizens. A bold investment plan could yield up to 11 million quality new jobs.

The plan is open to all EU countries, with Europe-wide projects being developed in conjunction with national investment projects. Investments that have the greatest impact on domestic economic activity should be given priority.

ETUC IS AGAINST

- » Policies based on austerity.
- » A lost decade, with massive unemployment, precarious work and tax injustice.
- » Economic policies geared to reassure markets instead of securing social progress.

ETUC SUPPORTS

- » Massive investments for sustainable growth and quality jobs
- » Good public and private sector services, properly functioning state systems, with inclusive welfare systems, and innovative research and educational institutions.
- » The end of tax fraud and tax evasion; fair taxation to finance an investment plan.
- » Flexibility in applying public deficit rules, if investments are made.



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CONFEDERATION
**SYNDICAT
EUROPÉEN
TRADE UNION**

MANIFESTO OF THE EUROPEAN TRADE UNION CONFEDERATION AHEAD OF THE EUROPEAN PARLIAMENT ELECTIONS

At the end of May 2014, EU citizens will be asked to vote on who will represent them in the European Parliament.

The election is important for all Europeans. The parliament has the power to make European laws, decide the EU budget and appoint the president of the European Commission. Next year sees the parliament being elected against a backdrop of a prolonged financial, economic and social crisis in Europe.

We call on citizens to vote for candidates that will change the way the EU is being run.

Europe can change in 2014. ETUC is promoting an alternative vision for a prosperous, socially inclusive Europe. We need to support candidates that share this vision.

ETUC, the voice of European workers, is calling on all citizens to get behind those who promote a progressive Europe, an inclusive Europe, and a Europe that works for the rights of its people. A better Europe is possible. Together, we can make it happen. Together, we can forge a new path for Europe.

ETUC IS AGAINST

- » Any attempts to reverse the progress made by the trade union movement in advancing the working and social conditions of citizens.
- » The undermining of the European project through policies that go against the basis of the European social model, such as good industrial relations, quality public services and inclusive social protection.
- » A system that makes people compete on the basis of reduced wages, poor working conditions, inadequate social protection and unfair taxation. European employment policy should not be based on precarious work and inequality.

ETUC STANDS FOR

- » A social Europe; a Europe that provides its citizens with quality employment and a secure future.
- » The end to austerity. The EU must put solidarity back at the heart of its policies. Social Europe must not be dismantled.
- » A new industrial policy based on innovation, research and development, education, training, health and just transition.
- » An ambitious investment plan that will revitalise the European economy.
- » Social justice for its citizens. The gap between rich and poor must close.
- » Equality. Effective measures to secure equal pay and rights for all must be upheld. The pay gap between women and men must end.
- » Progressive taxation. Redistributive and graduated taxation on income and wealth, the end of tax havens, tax evasion, fraud, corruption and undeclared work.
- » Fair global trade.



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CONFEDERATION
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**Committee of the Regions****ECOS-V-037****100th plenary session, 11 and 12 April 2013****OPINION****A stronger European industry for growth and economic recovery****THE COMMITTEE OF THE REGIONS**

- underlines that industrial policy needs to be one of the pillars of the European venture, treated as a genuine political priority on the same political footing as cohesion, infrastructure and agriculture;
- believes that the European Commission must harness all the potential of the Lisbon Treaty in the area of industrial policy pursuant to Article 173 TFEU;
- supports the European Parliament's proposal to set up a steering group in order to bring together European, national, and regional and local powers and the resources currently scattered across all levels and sectors;
- draws attention to the fact that many local and regional authorities have already placed economic, social and environmental innovation at the centre of their development strategies: they have the networks and the experience to develop the innovation ecosystems which SMEs need to thrive;
- proposes that project bonds be issued to finance SMEs, channelling regional investment funds towards SMEs and intermediate-sized enterprises and bolstering a European venture capital industry based on the regions;
- suggests that the regional blueprints for innovation should develop into regional blueprints for innovation and industrial development.

Rapporteur:

Claude Gewerc (FR/PES), member of the Picardy Regional Council

Reference document

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A stronger European industry for growth and economic recovery
COM(2012) 582 final

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. welcomes the Commission's communication, which clearly emphasises the importance of industry.

General comments

2. Industry accounts for 80% of exports and private R&D spending and so continues to be Europe's spearhead where globalisation is concerned. It drives the entire economy, particularly in terms of jobs (employing 35 million people) and of its impact on service activities.
3. Nonetheless, Europe's production capacity has declined recently, inequalities within the EU have become more entrenched and there has been rising concern about relocation and the competitiveness of European companies.
4. The European Union was constructed around the European Coal and Steel Community. The current economic and financial crisis has reinforced the idea that the EU's prosperity and sustainability depends on its ability to maintain a solid manufacturing base by promoting a new industrial model – based on innovation and more substantial investment in new technologies - which unites it and reaffirms its place in the global economy. In order to achieve this, Europe - the cradle of the industrial revolution - has the economic, cultural, scientific and political tools needed to renew its industrial sector: a vast market of over 500 million people, a well trained and qualified workforce, the world's second most widely-used currency, strong companies which have established a presence in nearly every sector, a stable political framework, etc.
5. Industrial policy therefore needs to be one of the pillars of the European venture, treated as a genuine political priority on the same political footing as cohesion, infrastructure and agriculture.
6. This imperative is increasingly recognised, although it is not always supported by the Member States, as is borne out by the disproportionate cuts proposed by the European Council in the negotiations on the next Multiannual Financial Framework in sectors that are particularly important for industry, such as research and innovation (Horizon 2020) and trans-European infrastructure (Connecting Europe Facility).
7. Believes that the European Commission must harness all the potential of the Lisbon Treaty in the area of industrial policy pursuant to Article 173 TFEU, particularly by opting to "take any useful initiative to promote ... coordination (of Member States in the area of industrial policy), in particular initiatives aiming at the establishment of guidelines and indicators, the

organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation".

8. Therefore supports the European Parliament's proposal to set up a steering group in order to bring together European, national, and regional and local powers and the resources currently scattered across all levels and sectors.
9. This Commission has identified six priority action lines designed to strengthen industry so that it can make up 20% of Europe's GDP: advanced manufacturing technologies, key enabling technologies, bio-based products, sustainable industrial and construction policy and raw materials, clean vehicles and smart grids. The communication is organised around four strands.

The Committee of the Regions:

10. Shares the view that industry has become an urgent priority, which is why the Commission has drawn up short-term proposals to accompany the medium- and long-term proposals.
11. Nonetheless notes that the problems besetting industry in many Member States are structural in nature; in order to address these root causes, industrial policy's design, governance and financing need to be overhauled completely and rapidly, and adequate institutional and financial resources allocated.
12. Agrees that the creation of a business-friendly environment and investment in businesses as well as in their ecosystem are crucial in order to boost competitiveness and guarantee lasting growth. The main challenge for the competitiveness of European businesses lies in increasing productivity through effective sustainable management of resources, particularly human resources, by means of lifelong learning, innovation, internationalisation and sharing responsibilities and profits with workers rather than focusing solely on the cost of labour.
13. Like the Commission, observes the impact of the financial crisis on the financing of the real economy, but notes that a set of measures cannot remedy a systemic imbalance.
14. Would highlight the role of skills in developing and modernising European industry.
15. Underscores the urgent need for action as regards the human, social and territorial dimensions of industrial change.
16. Notes that the growth of the single market has not yet resulted in a stronger industrial base for the EU, and is astonished that currency parity is not included among the conditions for market access.

17. Agrees that entrepreneurship needs to be encouraged, but points out that it is equally important to promote and recognise industrial professions.
18. Calls on the Commission to enhance its powers of analysis and its support measures for businesses, by looking into the possibility of creating, as it has agreed for the agri-food industry, a new category of mid-sized enterprise somewhere between SMEs and large enterprises, employing between 250 and 750 workers and with a turnover of under EUR 200 million. This category could receive appropriate rates of aid, higher than those for large enterprises and lower than those for SMEs.
19. Regrets that there is only a passing reference to the territorial dimension of industrial policy, when it is precisely at this level that Europeans live their lives, that new ways of life are invented, that infrastructure and trade platforms are put to use, that networks and cooperation groups are formed, and that people-to-people contacts build trust.
20. Supports the pillars of a stronger industrial policy: investment in innovation, better conditions for access to the market and to capital, human capital and skills.

A. FACILITATING INVESTMENT IN NEW TECHNOLOGIES AND INNOVATION

21. Many local and regional authorities have already placed economic, social and environmental innovation at the centre of their development strategies: they have the networks and the experience to develop the innovation ecosystems which SMEs need to thrive.
22. Advanced technologies for clean industry, such as sustainable raw materials, are naturally tied to an approach centred on industrial ecology, which favours recycling materials and controlling energy use.
23. The sustainable construction and raw materials sector is also very localised as a demonstrator and in terms of earmarking public investment.
24. Electric and hybrid vehicles can have a future, not least as part of a new approach to mobility: a new form of intermodality centred on train stations in particular. Beyond this, other ways of using electric vehicles are also worth considering, particularly in terms of new solutions for transport in cities, including peri-urban areas.
25. This is one topic where a sectoral and a cohesion-based approach could come together: a close relationship between sustainable land use and industrial development.
26. Calls on the Commission to bring forward the date of publication of the European Action Plan for the steel sector, currently scheduled for June 2013.

27. Whether for the digital economy or responses to an ageing population, the regions are natural testbeds, where public and private initiatives come together.
28. In all of these fields, Europe's strength is based in its culture of "living together" and complexity. Globally, this will be a key aspect of economic development in the future.

The Committee of the Regions:

29. Supports the strategy of localised smart specialisation proposed by the Commission, while highlighting the fact that it relates to all industrial sectors and must support change in those sectors throughout the European Union.
30. Stresses the need to promote the development of projects involving public and private partners at regional level, enabling them to make a useful contribution to the EU's major strategic choices.
31. Points out that this process must be based on EU-wide cooperation, working towards a Europe of innovation based on the regions.
32. Reiterates its proposal for territorial pacts to organise the levels of cooperation involved in the project. Proposes that this process be covered by a single programming document, ensuring that at the regional level, national and local policies reflect EU sectoral and cohesion policies.
33. Calls for investments linked to these single programming documents to be included within a set of loans issued by the European Investment Bank working to create new territorial ecosystems for economic and social innovation. This could be an excellent way to foster innovative solutions, provide demonstrators for companies and promote consortia in areas where companies need to establish new partnerships. These ecosystems would be public/private partnerships and would have to meet the dual objective of making companies more competitive and the public sector more efficient (thus helping to rationalise public spending).

B. MARKET ACCESS

34. The Commission has made enhanced access to the market in goods a key lever of industrial policy. Its proposals deal with extending the security, defence and medication markets and with standards, industrial property and developing entrepreneurship.

The Committee of the Regions:

35. Agrees with the Commission on the importance of drawing up European standards applied by the EU and defended on the global market, so that innovative measures implemented by European companies (for instance with regard to the environment) do not penalise them, but

instead are gradually applied by the entire global market. Suggests that the EU should provide itself with the means to negotiate on and ensure compliance with these standards in the area of the environment, industrial safety, prevention of occupational hazards and minimum social and working conditions, so that European products can compete on the globalised market on a level playing field.

36. On a similar note, must agree with the Commission on the need to redress the fiscal and social disparities which create competition between European regions without driving wealth creation at EU level.
37. The strategic areas on which the Commission is quite rightly focusing could completely change patterns of consumption such as production management, industry-services divisions and sectors and areas of activity as they are now, and ultimately a form of networked marketing of European industrial output. Readyng EU companies for this new state of affairs is therefore a major challenge which is dependent on greater cooperation between them, the creation of consortia and in some cases public-private partnerships. It will be necessary to anticipate and support these initiatives geared towards adapting to new demands for which we will be partly responsible, so as to be active in the internal and global markets. Europe needs market engineering equal to its technological capacity.
38. This market engineering must be one aspect of regional pooled platforms.

C. ACCESS TO FINANCING AND CAPITAL MARKETS

39. Although the situation varies from one Member State to another, debt capital market financing for businesses represents only 7% of GDP in Europe, against 35% in the US.
40. The Commission notes that this is a source of vulnerability that should be remedied through a combination of public-sector support and a set of measures intended to allow easier access to capital markets.

The Committee of the Regions:

41. Notes the need for a global approach to currency and financing. Forms of industry with longer trade cycles and lower rates of return are not attractive to capital looking for high, short-term returns. Investments made with the intention of quickly achieving high returns risk hampering the company's long-term development.
42. Therefore calls for the EU to place industrial financing at the centre of its financial and monetary set-up.

43. Proposes that project bonds be issued to finance SMEs, channelling regional investment funds towards SMEs and intermediate-sized enterprises and bolstering a European venture capital industry based on the regions.
44. Reiterates its support for the promotion and introduction of "citizen bonds" to foster local industrial development. Citizens' bonds could see EU supported projects benefit from additional finance from individual citizens or other public funds, investing in exchange for a guaranteed and fair return.
45. Calls on the Commission to work on financial tools fostering cooperation within industry and across the EU.
46. Reiterates its disapproval of the Commission's proposal to make regional aid for businesses in the steel and synthetic fibre sectors incompatible in principle with the internal market.
47. Considers that, given the current economic and social crisis, public investment is essential as part of an overall strategy for growth. Supports in this context overall reform of the state aid regime in order to achieve greater simplicity, transparency and flexibility. The focus of the European Commission's policy on state aid must also be shifted towards a more economics-based approach that takes into account the real level of risk of state aid affecting intra-Community trade and the real distortion of competition in the internal market. This shift goes hand in hand with the need to take greater account of the quality of public spending and, in particular, for European rules on macroeconomic surveillance to include a specific category for public investment in infrastructure and innovation in relation to public administrative expenditure.
48. Proposes that a sub-category be envisaged within the framework of the Basel II agreements, to force banks to invest in the low-carbon economy, breakthrough technology and socially responsible enterprise.

D. PEOPLE MUST PLAY THE PIVOTAL ROLE

49. The Commission points out that priority must be given to job creation and notes that a competitive and effective industrial policy must be based on a dynamic labour market, since professional mobility is a key variable in this process.
50. It points out that in times of economic slowdown, internal flexibility can be an effective way to keep up employment and reduce adjustment costs.
51. Lastly, it notes that countries in which the labour market has coped best with the crisis have one feature in common: strong social dialogue. The CoR therefore calls for the social partners to be involved more closely in industrial policy and specifically affirms its support for the

European Parliament's proposal for a directive to improve the information and consultation of workers, anticipating and managing restructuring.

52. proposes investing in skills and vocational training to support structural change and anticipate needs in terms of jobs and skills.

The Committee of the Regions:

53. Agrees that managing skills is key to the success of industrial change in the EU and a countercyclical policy measure.
54. Highlights the obstacles that need to be overcome in order to achieve this: young people are not interested in careers in industry, further and vocational education are not managed or developed adequately or in line with new developments, there is no Europe-wide approach or place for debate on industrial prospects and strategy and matters that should be addressed in social and territorial dialogue are handed over to committees of experts.
55. Asserts that change is not accidental: it is a fundamental part of the industrial transition with which the EU has to cope.
56. Proposes that forward-looking management of skills and change should be viewed as a crucial component of industrial strategy at every level.
57. Notes that increasing the number of small and medium-sized enterprises that export to non-EU countries will require an improvement in IT and language skills; urges the Commission to further investigate the deficits of smaller enterprises in the Member States in these areas.
58. Affirms that the local level has a role to play in coordinating the dynamics of jobs/training and industrial transition.
59. Reiterates in this context its support for preserving the Globalisation Adjustment Fund in order to improve national and local governments' ability to contain the impact of the crisis and help put active labour market measures in place for workers affected by restructuring. It also believes that the Globalisation Adjustment Fund should go hand in hand with a change adjustment fund to promote the development of skills and industrial transition. Initially, part of the Structural Funds and Horizon 2020 expenditure could be earmarked for change adjustment. It also stresses the need for social players operating in businesses, states and regions to intervene proactively as early as possible before restructuring takes place, in order to prevent it or, at least, to reduce its impact on jobs or adjust the transitions imposed by overcapacity and to make the necessary changes in good time.
60. Suggests that the European Union should organise local events to get young Europeans interested in industry.

E. GOVERNANCE

The Committee of the Regions:

61. Agrees that in the interests of industry, European and national policies need to be better coordinated.
62. Stresses that social and territorial dialogue needs to be placed at the centre of these dynamics at every level.
63. Calls for a resource network to be set up for this purpose, in order to fuel democratic debate on the future of industry.
64. Endorses the involvement of the regions in the roll-out of the smart specialisation strategy.
65. Suggests that the regional blueprints for innovation should develop into regional blueprints for innovation and industrial development.

Brussels, 11 April 2013

The President
of the Committee of the Regions

Ramón Luis Valcárcel Siso

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

II. PROCEDURE

Title	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A stronger European industry for growth and economic recovery
Reference(s)	COM(2012) 582 final
Legal basis	Article 307(1) of the TFEU
Procedural basis	Optional referral
Date of Commission letter	8 June 2012
Date of Bureau decision	26 October 2012
Commission responsible	Commission for Economic and Social Policy (ECOS)
Date adopted by commission	20 February 2013
Result of the vote in commission (majority, unanimous)	Majority
Date adopted in plenary	11 April 2013
Previous Committee opinions	An Integrated Industrial Policy For The Globalisation Era: Putting Competitiveness And Sustainability At Centre Stage (CdR 374/2010 fin)
Date of subsidiarity monitoring network consultation	



A Social Compact for Europe



EUROPEAN TRADE UNION CONFEDERATION



Gathered within the European Trade Union Confederation, we, trade union leaders of Europe, want to launch an appeal and propose a Social Compact for Europe.

We see increasing inequalities, rising poverty and exclusion, soaring unemployment, work insecurity that affects particularly young people, and growing disillusion about the European project.

We see a worrying increase in nationalism, racism and xenophobia. This trend, exacerbated by low wage competition, could lead to a rejection of the European project that the ETUC has always supported.

We see that the post-war economic and social settlement, which led to the creation of the European Union and the European social model, is threatened. This unique social model has brought considerable gains for citizens and workers and has allowed us to rebuild from crisis to prosperity.

We affirm that fundamental social rights must have priority over economic freedoms. That is the spirit of the Charter of Fundamental Rights integrated in the Treaty of Lisbon. That should be emphasised in a Social Progress Protocol to be appended to the Treaties.

We believe that monetary union must serve the European integration process, based on the principles of peace, democracy and solidarity, as well as economic, social and territorial cohesion. This is the way to secure a future for citizens in a globalised world.

We recall that the EU's stated purpose is economic and social progress. Achieving the EU's 2020 objectives requires socially stable societies, sustainable economic growth and financial institutions serving the real economy.

We believe that it is through social dialogue that we will be able to seek fair and efficient solutions in response to the grave crisis that the Union faces. But, regrettably, we see democracy at work and social dialogue often being disregarded, attacked and undermined.

We call on the EU to focus on policies improving living and working conditions, quality employment, fair wages, equal treatment, effective social dialogue, trade union and other human rights, quality public services, social protection - including fair and sustainable health and pension provisions - as well as an industrial policy favouring a just transition towards a sustainable development model. Such policies would contribute to building citizens' trust in their common future.

We reject all policies leading to downwards competition be it on labour rights, wages, working time, social security, taxes or the environment.

We support coordinated economic policies as well as the objective of sound public accounts but we deplore the economic governance measures put in place that undermine social achievements of the past decades, stifle sustainable development, economic recovery and employment and destroy public services. This is why we oppose the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG).



We are also concerned at the method used to produce the TSCG Treaty that excluded meaningful involvement of the European Parliament and citizens.

We insist that the EU and its member states should observe scrupulously European and international instruments such as ILO conventions, the jurisprudence of the European Court of Human Rights and the revised European Social Charter, to which the European Union should accede as well as to its Protocol providing for a system of collective complaints (1995).

For all these reasons, we demand a Social Compact for Europe, the contents of which we offer to discuss and agree upon at EU tripartite level.

The European Trade Union Confederation considers that the following elements should be included in this Social Compact:

Collective bargaining and Social dialogue:

Free collective bargaining and social dialogue are an integral part of the European Social Model. Both must be guaranteed at the EU and national level. Each member state should put in place the relevant supporting measures;

The autonomy of the social partners at national and European level as well as their role and position must be respected; there must be no unilateral intervention by the public authorities in collective bargaining or existing collective agreements; and coverage of workers by collective agreements should be maximised;

Effective involvement of social partners, as from the diagnostic phase, in European economic governance and national reform plans is essential. Efforts to adapt to changing circumstances should be commensurate with peoples' means and not be borne by workers and their families alone.

Economic governance for sustainable growth and employment:

Urgent measures to bring the sovereign debt crisis to an end and give the ECB the role of lender of last resort, thus enabling it to issue Eurobonds. Growth programmes adapted to each country should be discussed, agreed and monitored with social partners;

European industrial and investment policies aimed at meeting the economic and environmental challenges; priority should be given to investments in sustainable infrastructure, research and development, climate technology and renewable resources. They should not to be included in the calculation of public deficits;

Rules to secure a regulated, solid and transparent financial sector at the service of the real economy;

Extra resources, raised from improved use of the European structural funds, the European Investment Bank, project bonds, and an adequately engineered financial transaction tax, should be allocated to social and environmental purposes;



Stop EU pressure to liberalise public services which are a national responsibility;

Decent wages for all, contributing to growth and internal demand;

A youth guarantee for all young people in Europe, ensuring the provision of a decent job, or of adequate training opportunities, within four months of unemployment or leaving school;

Measures to improve the quality of jobs and combat precarious jobs; fight abuses in the practice of part time, temporary and fixed term contracts;

Active labour market policies including initiatives to support people with little or no links to the labour market.

Economic and social justice:

Redistributive and graduated taxation on income and wealth, and the end of tax havens, tax evasion, tax fraud, corruption and undeclared work;

Determined action against speculation;

Effective measures to secure equal pay and equal rights for work of equal value for all; collective agreements and equal wages should apply to all whatever the form of their contract, specifically when they work at the same work place;

Implementation of policies to end the pay gap between women and men;

Wage-setting to remain a national matter and to be dealt with according to national practices and industrial relation systems. Negotiations between social partners at the relevant level are the best tool to secure good wages and working conditions; the statutory minimum wage, in those countries where trade unions consider it necessary, should be increased substantially. In any event, all wage floors should respect Council of Europe standards on fair wages;

Harmonisation of the corporate tax base and minimum rates of taxation for companies, possibly with the introduction of a minimum rate of 25%, the current average level of imposition in Europe.

We call on European employers' organisations, EU institutions, national governments and supportive organisations to engage in a discussion on this ETUC proposal for a Social Compact for Europe.



European Trade Union Confederation

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Comité économique et social européen
Groupe des travailleurs
Le président

Déclaration de Georges Dassis, président du Groupe des travailleurs "Pourquoi nous voulons un revenu minimum européen"

Je regrette vivement que le président du Groupe des employeurs du Comité économique et social européen ait jugé opportun de publier, immédiatement après l'adoption en session plénière de l'avis du Comité «**Revenu européen minimum et indicateurs de pauvreté**», une «déclaration et réaction» intitulée «To address minimum income? Yes, but at national level!» (*S'occuper du revenu minimum ? Oui, mais au niveau national*).

Je le déplore pour deux raisons: tout d'abord, le président du Groupe des employeurs conteste pour la seconde fois un texte qui vient d'être démocratiquement adopté en session plénière – la première fois, c'était à propos de la dimension sociale de l'union économique et monétaire. Ensuite, si je regrette cette façon d'accentuer les divisions au sein du Comité, je regrette encore davantage qu'on puisse insister pour maintenir l'Union européenne dans la division au moment où elle en a le moins besoin.

Si la société civile et les dizaines de millions de citoyens qui font partie de syndicats ou d'associations sont favorables à un instrument européen contraignant – dont l'effet sera évidemment modulé selon les économies nationales, puisque les États membres sont malheureusement loin d'être en situation de cohésion –, c'est:

– parce qu'il est urgent de faire quelque chose pour ceux qui, dans toute l'Europe, ont été plongés dans la pauvreté par les crimes d'une poignée de spéculateurs et par l'incapacité, dans le chef de nos décideurs, de prendre, ensemble et unis, des décisions efficaces et courageuses ;

– parce qu'il est temps aussi qu'on présente aux gens l'Union européenne comme un bien. En fin de compte, ceux qui auront contribué à nourrir le désespoir total vont remplir les parlements d'égoïstes, de national-extrémistes et même de nazis patentés. Ils risquent de s'en mordre les doigts eux-mêmes, mais il sera trop tard.

Que ceux de nos employeurs qui n'ont pas voté l'avis se rassurent: les syndicats ne rêvent pas d'ériger l'assistance publique en norme : nous sommes des organisations de travailleurs et ce que nous voulons, c'est du travail : des emplois décents dans une Europe où les entreprises embaucheraient nos

jeunes. Par ailleurs, ceux qui sont dans la misère n'ont même plus les moyens d'acheter les denrées de base, et ce sont nos entreprises qui les produisent.

Le moment est venu de se poser ces questions avec une certaine envergure de pensée. Est-ce que nous continuons à regarder le projet européen s'effondrer sans rien faire ? Est-ce que nous le mettons dans sa tombe, en enterrant avec lui médaille qu'il a reçue pour avoir sauvé la paix et l'économie en des temps bien lointains, au point d'être l'espoir des peuples qui ne pouvaient pas encore en faire partie ...

... ou est-ce que nous avons le courage de lui donner, maintenant, un sens humain et social, ne serait-ce que pour ne pas courir le risque de nous présenter honteux au jugement final de l'histoire ?

Il est peut-être encore temps de sauvegarder la paix sur notre continent en faisant en sorte que l'union de nos pays envoie des messages concrets aux citoyens, au lieu de les laisser penser qu'elle se complairait à regarder croître le nombre de gens contraints de vivre dans l'indécence et la misère.



DRAFT

COMMITTING THE NEW COMMISSION TO SOCIAL EUROPE

Wednesday 19 February 2014 from 3:00 to 6:00 pm

European Parliament in Brussels - Room A3G2

Interpretation: EN, FR, DE, ES, IT

3:00 Welcome address

Alejandro CERCAS, S&D Co-ordinator EMPL

3:05 Panel 1

Fair competition in the single market

➤ Moderator: Georgios DASSIS, President of Workers' Group, EESC

- Sam HAGGLUND, Secretary General, EFBWW
- David YEANDLE, Director, Government Relations European Employers Group
- Jan CREMERS, former MEP and Member of the EMPL Committee

Questions and answers session

3:55 Panel 2

Regulation without red tape

➤ Moderator: Stephen HUGHES, S&D Group Vice President

- Bernadette SEGOL, Secretary General, ETUC
- Jens HEDSTRÖM, Chair of Better Regulation Working Group, Business Europe
- Valeria RONZITTI, Secretary General, CEEP
- Luc HENDRICKX, Director Enterprise Policy and External Relations, UEAPME
- Anna COLOMBO, Secretary General, S&D Group

Questions and answers session

5:00 Panel 3

A European Industrial policy fit for the future and the planet

➤ Moderator: Judith KIRTON-DARLING

- Reiner HOFFMANN, Head for Nordrhein Region, Industrial Union for mining, chemistry, energy IGBCE
- Alexandre AFFRE, Director for Industrial Affairs, Business Europe
- Claude GEWERC, President of the Picardy Regional Council, CoR rapporteur on "A stronger European industry for growth and economic recovery"

Questions and answers session

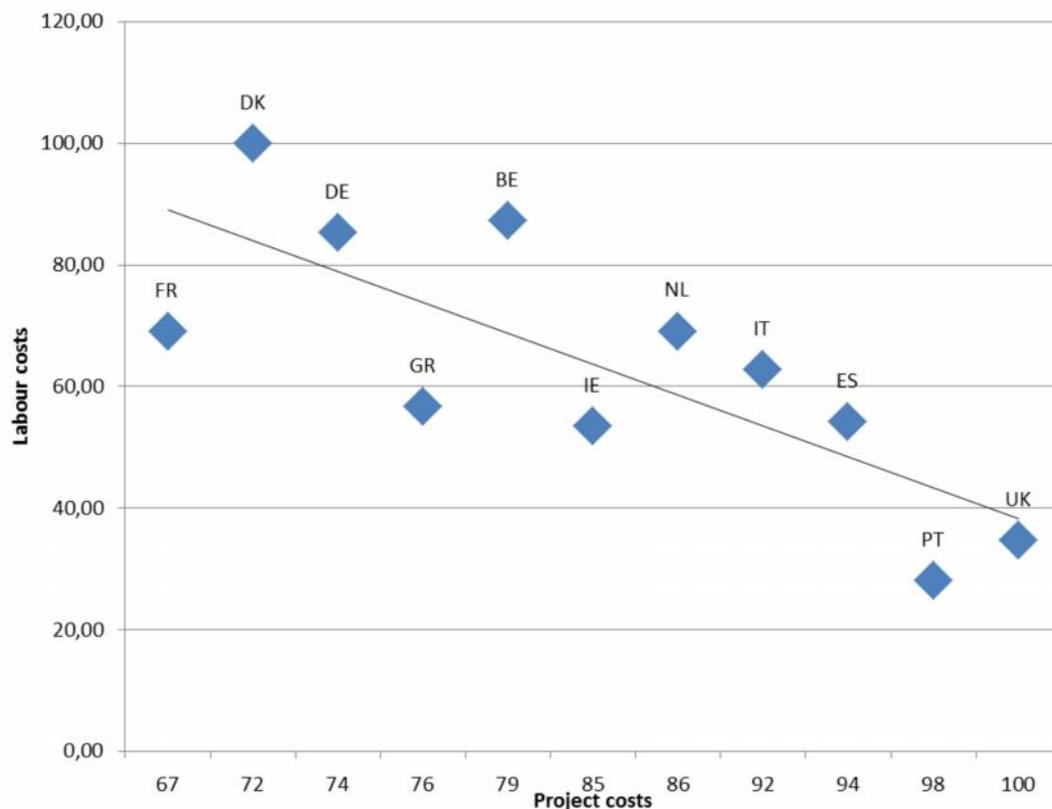
5:55 Concluding remarks

Stephen HUGHES, S&D Group Vice President

A social Europe – a prerequisite for a competitive Europe?

Often, social criteria – like equality and justice – are set against economic criteria – like competitiveness and growth. Do we want a Social Europe based on justice and equal treatment, or do we want a Competitive Europe, based on productivity and competitiveness? But maybe this is the wrong question to ask; maybe the social and economic criteria are in fact linked together and even causally connected? This is the case I would like to make here today, that the current emphasis in the EU of competition by the lowering of labour costs in fact also means unfair competition on the Internal market, and in the long run a less competitive industry in the EU. The current EU policy, which seems to be based on the doctrine that EU should compete with lower wages, rather than with skill and innovation, is in fact creating the “worst of both worlds”: exploitation of workers and impediments for productivity.

Relationship between labour costs and project costs in the construction sector



I have one slide I wanted to show you, which relates to the construction sector, the sector I know best. It comes from a study on the European construction sector financed by the European Commission. On one axis, you have the labour costs in construction in the respective country and on the other axis you have the project costs for the same country (measured in a way to make cross-country comparison possible). The conclusion of this diagram is that there seems to be a very low correlation between labour costs and project costs, and if there is a correlation it is – maybe surprisingly for some – an inverse correlation: the more expensive the labour is, the cheaper the end product. The reason is of course the difference in productivity levels; in the low labour cost countries, there are fewer incentives for training and education of the work-force, for introducing innovations, in addition and a more fragmented structure. The UK stands out in the construction sector with low labour costs but high project costs, and with a very high proportion of the work-force in the sector as self-employed, mostly falsely self-employed.

Whatever criteria we take, it is obvious that – in the long run at least – social progress comes together with economic progress. I come from Sweden, one of the countries representing the so called Nordic model, with a relatively high degree of equality and what you can call “social investments”. Although the social costs are high in these countries, the competitiveness is also high. During the last 20 years, World Economic Forum has made yearly rankings of the competitiveness of 150 countries in the world. During all these years, the Nordic countries Sweden, Finland, Denmark and Norway – with high wage levels, high degree of equality and generous social spending – have all ranked among the 10-15 most competitive countries in the world. Last year Sweden was number 3, Finland 4, Denmark 8 and Norway 15 in the world. Even the International Monetary Fund understands about this correlation: A recent report from the IMF is called “Inequality and Unsustainable Growth: two Sides of the Same Coin”.

Given these conclusions, supported by a bulk of social science, it is unfortunate that the EU seems to have embarked on a path where lowering labour costs is considered as the highway to prosperity. This happens in spite of the fact the EU was founded on the basis that structural competition on wages should be avoided, and that discrimination between national workers and migrant workers should be forbidden. This is stated already in the Spaak Report from 1956, one of the foundational reports for the creation of the Internal Market. The year after the Council of Europe adopted a convention on the principle of non-discrimination and equal treatment between national workers and migrant workers.

In the EFBWW we are focusing on the social consequences of cross-border work in Europe, and every day we are confronted with violations of fundamental rights, violations which mean that workers are being exploited, serious companies are driven out of business and Member States are losing tax revenue, making it difficult to maintain the welfare state. The exploitation of cross-border workers threatens to undermine not only Social Europe and labour rights, but also create unfair competition on the Internal Market, making the EU less competitive.

The “business model of cheap labour” which is spreading in Europe today has different modes of creating unfair competition:

- 1) the first is about the *circumvention* of the existing framework of rights in order to lower the price of labour. Via an ECJ judgment it is now possible to “export” false self-employment from one country to another although the receiving country has a legislation to prevent false self-employment.
- 2) the second mode is when workers that are temporarily working in another country and *fall outside of* the traditional categorization of workers, and thereby fall outside of the frameworks of rights connected to these categories. An example is the present discussion in the Enforcement Directive and the Rome I regulation, which might lead to a worker who is sent to another country but falling outside of the coverage of the Directive will be falling under the minimum condition of his home country, instead of the place of work.
- 3) the third mode arises through the European regulations which *prohibit* Member States to enforce rights for mobile workers. One example of this was the reinterpretation of the Posting of Workers Directive that was made by the European Court of Justice by rulings in 2007 and 2008, which meant that equal treatment could not be enforced for foreign posted workers. Another example is the current discussion on the Enforcement Directive, which – despite its name – is also dealing with situation when a host Member State *cannot enforce* checks and controls that a foreign worker is given the minimum conditions that he or she is entitled to.
- 4) the fourth and most serious mode is when for instance European building contractors and temporary works agencies are making *use of lacunae* in the European framework of rights to deprive workers of wages, social contributions, health and safety requirements and other working conditions they are entitled to. Most methods are based upon the fact that different European legal regimes are involved and that the communication between these regimes is insufficient to detect fraud, undeclared work or other forms of misconduct. Often letterbox companies, set up in e.g. Cyprus and Malta are used to allegedly “post” workers in other EU countries. Social costs are then deducted and not paid in anywhere. We call this a “country-of-convenience” model of reducing labour costs, and it is spreading in the construction sector, in the meat sector and in the land transport sector.

Fair competition in the single market

Jan Cremers
EP February 2014



Quote

The New York Times recently described how many European countries - especially those in southern Europe that have been tormented by the financial crisis - furiously have dismantled workplace protections in a bid to reduce the cost of labour. The austerity policy has radically changed the nature of Europe's society with widening inequality and an unheralded erosion of worker protection that is likely to have a big and lasting impact on Europe's labour relations.

Background

- EEC started as an economic project
- Flanking social policy developed as part of the action plan related to Delors White paper
- In 2000 the Charter with fundamental rights for workers has been formalised. However, still no binding character
- Lisbon Treaty provides general aim (single market not the main aim but should serve social progress)
- Commission has not implemented this notion; Barroso has poorest social record since decennia

Some findings

- ❑ Outsourcing and the chain of (labour-only) subcontracting, agencies, letterbox-companies
- ❑ National compromises on the difference between a commercial contract (for the provision of services) and a labour contract no longer a guarantee
- ❑ Deregulation of company law and freedom of establishment created breeding ground for cross-border fraud and distortion of competition
- ❑ The circumvention is shaped according to the national regulatory frame

The different forms of circumvention of workers' rights

- Cross-border recruitment via (temporary) agencies.
- Sham self-employment.
- Shift to other industries (regime shopping).
- Manipulation with free establishment (letter-box companies) and country of residence.
- Abuse of the posting rules (working time, minimum wage, pay not in line with skill level, absurd deductions).

EU-Instruments

- ❑ Single market legislation is decisive for social measures
- ❑ Reform and fight against 'red tape' regard first and for all key workers' rights
- ❑ The ECJ restrictions on control and enforcement; infringement practice limits compliance control and sanctioning
- ❑ Effective, proportionate and dissuasive? Sanctioning in the social sphere is weak. Administrative sanctions are not taken serious in cross-border situations.

Recommendations

- The respect for the regulatory framework (of labour standards and working conditions) in the country where work is pursued has to be restored.
- Stronger legislation on 'genuine' undertakings.
- Written evidence, in the form of labour contracts and company registration, should be obligatory to make it possible to divide between genuine and sham cross-border labour recruitment.
- Cross border mobility based on EU regulations must be complemented by recognised legal provisions to guarantee effective transnational sanctions, remedy or redress.