The road to the next multiannual financial framework

ETUC Reaction

The European Trade Union Confederation (ETUC) agrees that the status quo is not an option—Europe faces profound challenges that require a strong, forward-looking EU budget. However, while we support a robust industrial policy, we cannot accept an approach that prioritises competitiveness and defence over social progress, quality jobs, and just transitions.

The next MFF must not undermine cohesion policies, labour protections, and democratic governance by diverting funds toward corporate subsidies without strong social conditions. Furthermore, the "money for reforms" approach—where EU funds are tied to structural reforms dictated by the European Semester—risks prioritising fiscal consolidation over social justice and fair economic transitions.

1. **Yes to Industrial Policy, But Not at the Expense of Social and Territorial Cohesion**
   The ETUC supports an ambitious industrial policy that strengthens Europe's strategic autonomy, supports innovation, and drives sustainable economic growth. However, industrial policy must be built on strong worker protections, quality jobs, and fair wages—not just corporate incentives.
   The European Commission promises a "strengthened cohesion and growth policy", but there is a real risk that cohesion funding will be overshadowed by the Competitiveness Fund and broader industrial policy objectives.

   ETUC demands:

   - Cohesion policy and ESF+ must be safeguarded, reinforced, ensuring social investment is not sacrificed in favour of competitiveness objectives.
   - The EU must adequately fund upward convergence, fight inequalities, have greater cohesion across all European regions and horizontal principles, including gender equality, equal opportunities and non-discrimination, consistently with needs. It must support investment in green policies, just transitions and fair economic policies.
   - EU industrial policy must guarantee high labour standards, meaning that companies receiving public funds must respect collective bargaining, fair wages, and decent working conditions.
   - Industrial policy and just transition funding must go hand in hand—ensuring that workers are protected, retrained, and supported as industries evolve.
   - The MFF should contribute to establish 'European common goods and services', encompassing not only defence, security, competitiveness and energy autonomy, but also social priorities, poverty and inequality

eradication, ageing in dignity, pensions, health care, education, food security and housing.

- Safeguarding and reinforcing the support for social dialogue must include additional resources for strengthening collective bargaining and for capacity building for social partners, at EU and national level.

✅ We support industrial policy—but it must be a worker-centred industrial policy, not just a corporate-driven strategy.

2. **Competitiveness Fund: Must Not Drain Social and Regional Investment**
The European Competitiveness Fund is presented as a tool to boost EU industry, but its financing structure remains unclear, raising concerns that it could divert funding from social, cohesion and regional investment programs.

🔴 **ETUC demands:**

- The Competitiveness Fund must be a separate EU-financed Investment Facility, funded through EU bonds and own resources, rather than being financed at the expense of social and cohesion policies.
- Strict social and labour conditionalities must apply—businesses that benefit from EU funds must respect collective bargaining rights, fair wages, and decent working conditions.
- Public investment must take priority over private sector incentives, ensuring that EU funds are used for public good, not just corporate profits.

✅ Industrial policy must complement—not compete with—social investment and regional cohesion.

3. **Money for Reforms: A Dangerous Approach That Undermines Social Justice**
The ETUC strongly opposes the "money for reforms" approach, where EU funds are conditioned on structural reforms dictated by the European Semester. This approach:
   - Links funding to austerity-driven reforms, forcing Member States to adopt policies that often undermine workers' rights, social protections, and collective bargaining.
   - Reduces national autonomy, allowing fiscal consolidation priorities to override social investment and economic justice.
   - Repeats the mistakes of past crises, where EU funding was used as a tool to impose labour market deregulation rather than support fair economic transitions.

🔴 **ETUC demands:**

- MFF funding must not be conditional on structural reforms that undermine workers' rights or social protections.

- Social policies must not be dictated by fiscal consolidation rules—EU investments should be based on economic justice, not austerity-driven conditionality.
- Democratic oversight and social partner involvement must be guaranteed, ensuring that EU funding decisions reflect the needs of workers, not just economic policymakers.

✅ Europe's future must be built on promoting upward convergence and social progress, not on conditionality-based austerity measures.

4. External Action Financing: More Transparency, Less Geopolitical Instrumentalisation

The ETUC supports a strong and values-based EU external policy, particularly in support of Ukraine and neighbouring countries. However, the proposed revamp of external action financing raises concerns about how funds will be used and who will benefit.

🔴 **ETUC demands:**

- EU external funding must not be used as a geopolitical bargaining tool—it must support peace, development, and workers' rights, rather than serving short-term strategic interests.
- Trade unions must be involved in governance, ensuring that funding agreements respect labour rights, social protections, and sustainable economic development.
- Stronger safeguards must prevent EU funds from supporting companies or governments that violate human rights and workers' rights.
- Appropriate resources for crisis management must be allocated to cope with global shocks, on top of all other funds: the post-2027 MFF must not repeat the mistake of withdrawing funds that are necessary for cohesion policy to cover emergencies.

✅ A strong EU external policy must be a fair and just policy—built on solidarity, not strategic competition.

5. Strengthened and Modernised Revenues: Who Pays the Price?

The Commission proposes new own resources to ensure sustainable financing. However, there is little clarity on who will bear the burden.

🔴 **ETUC demands:**

- New EU revenue sources must be progressive, ensuring that the burden does not fall on workers, pensioners, or low-income groups.
- EU bonds should be used to finance long-term investment, rather than relying on regressive taxation.

- Corporate taxation must contribute significantly to EU revenues, ensuring that multinational corporations pay their fair share.

  ✅ Workers should not pay the price for EU fiscal reform—large corporations and financial institutions must contribute fairly.

Conclusion: A Budget for People, Not Just for Competitiveness and Defence
The ETUC agrees that "the status quo is not an option", but we reject an MFF that prioritises competitiveness and defence at the cost of social justice, cohesion, and worker protections.
We call for:

✅ A worker-centred industrial policy, ensuring that all EU-funded investments respect labour rights, fair wages, and collective bargaining.

✅ A Competitiveness Fund that does not drain social investment, financed separately through EU bonds, not from cohesion or social policies.

✅ An end to "money for reforms" conditionality, which forces Member States into austerity-driven policies that undermine workers' rights and social protections.

✅ Democratic governance and social partner involvement, ensuring that trade unions play a central role in budget oversight and decision-making.

✅ Fair and just financing, with progressive taxation and corporate contributions ensuring that workers do not bear the financial burden of EU policy changes.

✅ A democratisation of the budgetary process must be ensured. The partnership principle, that involves social partners, must be strengthened. The meaningful involvement of social partners must be guaranteed in the design, the implementation, the follow-up and the evaluation of funds, including technical assistance (TSI) especially in cohesion-related expenditure.

The next EU budget must be a budget for all Europeans—not just for multinational corporations, defence industries, and fiscal policymakers. If Europe truly wants sustainable prosperity, it must invest in workers, social protection, and fair economic transitions—not just industrial competitiveness and defence.