

To:

Head of State and Government

Ambassadors

[Letter sent by e-mail]

Letter of the European Trade Union Confederation in view of the European Council meeting on 29-30 June 2023

Dear Heads of State and Government,
Dear Permanent Representatives,

We are contacting you in view of the discussions in the European Council taking place tomorrow and on Friday and to respectfully request that the needs of working people are included.

Helping workers to deal with the cost-of-living crisis. Working people in the EU are facing an unprecedented cost-of-living crisis. Rising costs of essential goods and services are forcing millions of workers to make agonising choices and pushing many into poverty. Wages are not the cause of inflation. This has been recognised also by the ECB and by the IMF, which have recently pointed out the need to address corporate profits as the source of inflation.

In this context, we consider very negatively the increases in interest rates, especially with regards to the consequences for jobs, workers and vulnerable groups. We raise in particular the combined consequences of increased prices and the impact of increased interest rates on loan repayments, for example for mortgages and it must be recognised that many have been forced to take out loans to cover even basic necessities.

It is key to work towards a strong and fairer company taxation framework, which includes effective taxation of windfall profits. We call for greater progressivity in taxation.

Reform of economic governance rules. In this framework, it is even more urgent that the reform of the economic governance rules provides for the necessary space for investments to achieve social and environmental targets, treats public services as critical for competitiveness not as a cost on competitiveness. It is necessary to avoid repeating the mistakes of the past, implementing austerity policies whose detrimental effects are well-known to all of us.

The economic governance framework has to put full employment and the genuine improvement of working and living conditions at the forefront, and to have as an aim the achievement of the European Pillar of Social Rights. For these objectives, we need all Member States to be able to invest at scale in the green and just transition to ensure resilience and prosperity of our economies and societies.

We have concerns that the obligation to reach 3% deficit thresholds by the end of the plan, together with mandatory minimum annual deficit reduction, could imply austerity policies in several Member States, with negative social and economic consequences. Together with net expenditure growth below expected growth, we run the risk of procyclical policies, all together detrimental for growth and sustainability.

The ETUC asks for amendments to the proposed updated rules to free-up fiscal space without endangering fiscal sustainability. Among our key demands, we propose:

- the adoption of a rule for public investment to excluding certain kind of investment from deficit calculation;
- fiscal adjustment paths that preserve government spending in favour of households and workers in difficulty because of labour transitions or soaring cost of living; and
- that investments and reforms are not in detriment of social expenditure;
- ask for more democracy and transparency in all processes of the economic governance of the EU.

Finally, we ask that the adoption of the legislative package that reforms the economic governance of the EU comes along with a clear engagement to design and implement a European fiscal capacity.

Social conditionalities. The discussion on competitiveness all too often ignores people. Employers need to offer better-paid jobs to end Europe's damaging labour shortage, according to recent research of the ETUC. An analysis of job vacancy rates and wages in 22 EU countries reveals that industries with the worst labour shortages pay 9% less on average than sectors where it's easier to recruit. It comes after the EU job vacancy rate reached a record high last year, causing production problems for a quarter of EU companies.

Quality jobs are at the heart of competitiveness. It is necessary to attach to EU and national funding and support strong social conditionalities. All public funding should be conditional on the recipient companies providing quality jobs and working conditions, respect for the right to collective bargaining and the respect of collective agreements, avoiding redundancies and deterioration of working conditions, access to training and creation of high-quality apprenticeships and graduate roles, avoiding extraordinary dividend payments and increasing the share of profit that is re-invested in the company and shared equitably with workers. This should also happen with public procurement rules. Put the money where the good jobs are.

European regulation is not a drag on competitiveness, it should be seen as part of our success, a selling point. People are happy to buy our products and services, because they have been built with our good European standards. We reject a deregulation agenda.

Ukraine. The EU must support the reconstruction efforts in Ukraine. We are gravely concerned that European and Ukrainian trade unions were not involved in the conference on reconstruction that recently took place in London. We consider this a serious omission that must be corrected. Social dialogue is a key element of the European social model. It is of paramount importance that it is respected in the future process of reconstruction of Ukraine. The accession process must mean also adhering to EU fundamental values of social market economy based on social dialogue and the role of social partners, as well as ensuring the full respect of trade union rights and social rights. It is of paramount importance to make sure that social partners are consulted in a meaningful manner and that trade unions are involved in all programs aimed at Ukraine's recovery and reconstruction. That is in the interest of Ukraine and its people and in the interest of the European Union and its people. This is even more important since it is necessary to ensure that respect for workers and trade union rights, decent work and social conditionalities are at the core of the reconstruction process in Ukraine and embedded in the support provided by the European Union.

Migration. The agreement in Council on the Migration and Asylum Pact was adopted shortly before the deadliest tragedy in the Mediterranean. The loss of these lives could have been avoided. The ETUC condemns the policy of a 'Fortress Europe', the strengthening of border controls and the forced return of migrant, asylum-seekers and refugees. The EU must safeguard European democratic values and establish a European path of solidarity and shared responsibility and provide with more safe and regular migration pathways.

EU-CELAC. The cooperation between the EU and LAC countries is of high relevance and interest to working people and their trade unions. It is very important that the EU and LAC countries engage in a dialogue with trade unions to both demonstrate that social dialogue is at the heart of the social model they want to promote and ensure that the interest of working people are part of the discussion. For this reason, it is important to guarantee that trade unions can

participate in a section of the EU-CELAC summit and have a dedicated exchange of views with the leaders.

EU-Tunisia partnership package. The ETUC underscores that financial support from the EU to the Tunisian government must be made conditional on the full respect for human rights, including workers and trade union rights, the respect of social dialogue. We would like to remind that the Tunisian government has been waging attacks against trade unions, migrants and ethnic minorities, journalists and civil society organisations. We reiterate that the “partnership package” must make sure that financial support be conditional on the full respect by the Tunisian government for human rights, including workers and trade union rights, the respect of social partners’ role and social dialogue.

We call on you to include these considerations in the discussions during the European Council meeting on 29/30 June 2023.

We remain available for any exchanges or follow-up on these very important matters.

Yours sincerely,

Esther Lynch
ETUC General Secretary