EL/LV/BL/ch
Brussels, 26 March 2025

To: Environment Council Ministers

[Letter sent by e-mail]

ETUC calls for adequate financing and responsible simplification in the Clean Industrial Deal

Dear Environment Council Ministers,

In advance of your meeting on 27 March to discuss the environmental dimension of the Clean Industrial Deal (CID), the European Trade Union Confederation urges you to seriously address two key issues: profound financial shortcomings and misguided deregulation.

The CID marks a valuable first step, notably through its inclusion of social conditionalities linked to collective bargaining and demand-side measures, though these commitments need to be transformed into concrete commitments.

1. Adequate Financing is Essential

European industry urgently requires substantial financial support - not just for rapid decarbonisation, but equally for preserving jobs during a challenging transformation. The CID rightly acknowledges the immense scale of investment needed yet falls significantly short in delivering adequate new funding. The proposed Competitiveness Fund must be both large and funded by common debt, separate from the Multiannual Financial Framework (MFF). As for security, decarbonation is an essential challenge of our time, and budgetary tightness will not allow us to meet the scale of the challenge. Otherwise, Member States risks making deep cuts to essential social, climate and cohesion programmes.

The expectation that private capital will fill Europe's massive investment gap is unrealistic. Mario Draghi's €800 billion investment figure is often quoted, yet it obscures the stark reality: Europe faces an annual funding gap of €500 billion compared to the US, one-third of which must come from public sources[i]. From 2009 to 2024, the US government injected five times more funds into its economy than the EU via primary deficits[ii]. Under current fiscal rules, only three EU Member States possess sufficient fiscal capacity to achieve the Union's green and social targets[iii].

The ETUC calls on you to:

- Establish a dedicated EU investment facility funded through common debt instruments, rather than undermining the MFF.

- Reform the State Aid rules to support industrial decarbonization with social conditionalities, ensuring all Member States - not just the wealthiest - can invest in green industry.
- Prioritise investment in regions and sectors at greatest risk of deindustrialisation, ensuring quality jobs and real economic transformation.

Europe cannot afford delays; the moment to act decisively is now. This is why we propose SURE 2.0, an EU-wide job retention and transition scheme designed to safeguard employment and industrial capacity amidst high energy costs and rapid technological change. The original SURE programme safeguarded 26.9 million jobs during COVID-19[iv]. SURE 2.0 could preserve competitiveness, support structured transitions, reskilling, and sustainable investment during times of high energy prices, economic uncertainty and sudden tariffs. Waiting for future financial instruments, such as new own resources or a Savings and Investment Union, will be too late. Each day without action results in lost jobs and eroded industrial capacity that is immensely difficult to re-establish once it is lost.

2. Simplification, Not Deregulation

While simplification of reporting can indeed foster efficiency, it must lead concretely to decarbonisation pathways, developed with meaningful trade union involvement. Recent OECD data updating their Product Market Regulation indicator, which tracks the stringency of regulations in countries, demonstrates clearly that key European economies - including Germany, France, Spain, and Italy - are already "more competition friendly" than the United States[v].

It would be convenient if Europe's only obstacle was too many rules - this myth was consistently pushed in the UK ahead of the Brexit vote, falsely presenting "EU bureaucracy" as the sole barrier to potential massive growth. It was not true in the UK then, and it is not true in the EU now.

As leading European financial supervisors recently cautioned, hasty deregulation threatens economic stability. Dominique Laboureix of the ECB Single Resolution Board warns clearly: "Deregulating and lowering protections means crises, which means less growth. Remember the 2008 crisis—bailouts everywhere." Likewise, ECB supervisory board vice-chair Frank Elderson stresses, "Don't cut rules, harmonise them.[vi]"

A premature rollback of essential regulations risks severe social, environmental, and economic consequences. The EU must invest wisely, protecting industries and communities rather than dismantling vital safeguards. If we do not spend enough and protect our industry and planet, it will be much more socially, environmentally and economically costly in the long run.

The proposed "28th regime" referenced in the CID for a new legal form of European company law risks undermining existing workers' rights, especially when combined with harmonisation in other policy areas. The ETUC firmly advises the Commission to abandon this project and to instead prioritise addressing the critical financial and regulatory challenges described above.

We count on your responsible leadership to ensure Europe's just, sustainable, and economically resilient future.

Sincerely,

Esther Lynch

ETUC General Secretary

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ETUC Confederal Secretary

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[i] EU must find 'enormous amount' of money to face global challenges, Draghi says – POLITICO
[ii] Forget the US — Europe has successfully put tariffs on itself
[iii] Navigating Constraints for Progress: Examining the Impact of EU Fiscal Rules on Social and Green Investments | ETUC
[iv] SURE - European Commission
[v] OECD Interim Economic Outlook "Steering through uncertainty", March 2025, Slide 18.
[vi] EU watchdogs warn that weakening rules risks another financial crash