

17 April 2020

SOCIAL PARTNERS' INPUT FOR PRESIDENT MICHEL CABINET

1. Emergency measures

The European Social Partners, in their joint statement of 16th March 2020 on the Covid-19 emergency, supported the set of measures announced by the European Commission and the European Central Bank.

They urged the governments to approve, in particular, measures envisaging:

- The temporary full use of the built-in flexibility in the Stability and Growth Pact targets, including considering its temporary suspension by using the general escape clause;
- Avoiding single market distortions, including bans and export restrictions and especially for export of medical equipment and medicines, and stopping closing borders for goods; safeguarding all freight transport modes is a priority within the EU, also having an essential role to coordinate and inform regarding actions taken in Member States;
- Encouraging Member States' spending and investment particularly to reinforce staff, equipment and means for national health services, social protection systems and other services of general interest;
- Mobilising unused structural funds and other EU funds to support Member States in ensuring financial and income support for workers affected by unemployment or suspension from work, including non-standard workers and also self-employed;
- Ensuring credit access and financial support for enterprises, especially all types of SMEs, affected by lockdown and emergency measures, with a coordinated intervention from the EU budget, the ECB, the EIB Group, and national promotional banks;
- Activating the solidarity fund for natural disasters and any other available funding at EU level;
- The efforts by the European Commission to deploy full flexibility within State Aid rules should also be acknowledged.

European Social Partners also stressed that:

- Member States should involve national Social Partners in the designing and implementation of national measures;
- All efforts need to be undertaken to help workers, enterprises, economic activities and public services to survive the crisis, so they will be able to come back to their activities when the crisis ends, to keep workers in their jobs meanwhile, to protect from unemployment and loss of income, and to alleviate financial losses.
- The Commission and Member States must ensure that financial support reaches enterprises, especially all types of SMEs, and all workers, including those with precarious jobs who are most vulnerable and self-employed.

Looking back at such demands, we can see that the EU institutions have responded strongly, including through using maximum flexibility in the application of fiscal rules, temporarily loosening relevant EU regulations, increasing the flexibility of state aid rule, taking steps to restore the functioning of the single market, and strengthening of health care systems as well.

Governments have put in place relevant measures at national level, particularly supporting enterprises and workers affected by the outbreak – although the effectiveness and the coverage of such measures differs significantly across countries.

Additionally, we have seen that obstacles and loopholes have slowed down and jeopardised the full implementation of the above-mentioned measures. We therefore need to continue to speed up the implementation of the measures linked to financing from the ECB, the EIB and EU funds, accelerating application and approval processes, including regarding credit for companies, particularly SMEs, in these exceptional circumstances and aids to Services of General Interest that need to ensure continuity of provision despite unprecedented constraints. It is also important to make sure financial assistance reaches all types of SMEs and that the State aid framework provides for a level playing field covering all types of undertakings. This crisis puts the capacity of enterprises to survive and the possibility for workers to keep their jobs at serious risk. In fact, we see the number of companies disappearing from the markets and the level of unemployment significantly rising.

Finally, involvement of Social Partners at national level is not ensured in all countries, and in some case the Covid-19 emergency is misused by governments to dismantle social dialogue and to attack human, democratic, economic and social rights.

In this context, we ask the European institutions to swiftly intervene to make sure that all the measures announced are properly and fully implemented and that the rights and prerogatives of enterprises, workers and social partners are fully respected.

We need solidarity among Member States, among enterprises and among workers because this is what the European Union is about and because solidarity is necessary to overcome this crisis.

As regards the EU crisis-related financial instruments, in addition to making sure that what was already decided is actually implemented in all Member States, we should, in the first instance, look to see how existing tools such as the ESM can be rapidly adapted to meet the challenges of the present crisis.

Regarding the Commission's proposal for a Council Regulation establishing a European instrument for temporary support to mitigate unemployment risks in the Covid-19 emergency (SURE), the European Social Partners are currently assessing this proposal with the respective members with the aim of bringing further contributions on the best-possible ways to support Member States in their efforts to mitigate the negative economic and social consequences of this crisis for all enterprises and all workers, including the self-employed.

We encourage all Member States to establish short-time work schemes or similar measures to prevent unemployment, in a way that benefits all sectors, type of enterprises and categories of workers, as well as to involve national social partners in the design, implementation and coordination of such schemes. Member states and national social partners' coordination should be organised by the Commission and the EPSCO Council as an important priority to underpin effective labour market responses to the Covid-19 crisis across Europe. We encourage enterprises to make full use of short time work and similar measures in order to avoid dismissals as much as possible. With many workers across Europe at risk of losing their jobs and many businesses of permanently shutting down, we underline that is essential that such schemes become operational rapidly. We urge Member States to also provide similar measures for income support to self-employed affected by the confinement measures.

2. Exit

Putting in place a coordinated approach to gradually exit from current emergency measures

Member states have understandably restricted movement and economic activity in order to gain control of the spread of the virus. But as soon as the spread of the virus slows down, the risk becomes manageable, and the capacity of our health systems to deal with it improves, it will be important to gradually allow an increase in economic activity and a return to work in safe conditions. The economic and social impact of the current emergency measures is massive and once these restrictions are removed, it will take some time before we return to previous growth and employment levels. The longer the restrictions, the greater the damage to the economy and, in particular, to our industrial

supply chains, to employment and to the social fabric of our countries, and the more difficult it will be to bounce-back.

The European social partners therefore welcome a European roadmap for lifting coronavirus containment measures. We call for an approach balancing the need to protect public health with dangers of fundamentally damaging growth, employment and increasing social hardship over the long-term. Doing so is essential for the survival of our enterprises, for people's prosperity and for their jobs, for our economic and social cohesion, and for our ability to fund necessary investment in infrastructure and public services. Investing in infrastructure and public services is vital to build resilience and the capacity to withstand future unexpected shocks. Having strong public services base not only helps countries to cope with these events but also helps them to recover, economically and socially much more quickly. There will be a lot of issues to deal with in the aftermath of Covid-19, as the impact of financial problems, unemployment, bereavement and depression will impact both on individuals and on businesses for a long time. The European and national social partners should be properly involved in devising and implementing this roadmap.

Given the impact that decisions taken in each Member State has for the overall functioning of the Single Market and in order to foster a common European approach to exit from this crisis which is affecting Europe as a whole, a coordinated and gradual approach at European level is now the way forward.

It is also crucial that strategies and measures taken at EU and national level for gradually exiting containment measures are well understood and accepted by enterprises, citizens and workers across our continent. Involving social partners is key to ensuring this. We call on public authorities to communicate and explain strategies and measures in a clear and calm way, to make sure that people are reassured to go back to work.

European industrial value chains are closely interlinked internationally. Therefore, from an economic point of view, it is necessary to as much as possible take a broad approach to value chains when gradually re-opening and ramping up industrial activities. Only a broad approach acknowledging the complexity of value chains can work to fully supply the population and minimise economic damage.

From the perspective of occupational health and safety, the level of risk of different activities and tasks will need to be taken into account when setting strategies for return to work, balanced with their necessity from a public health/ societal point of view, as well as for the good functioning of the enterprise and the economy. Some activities or tasks within enterprises or sectors will need to be carried out under any circumstances, even with a relatively high level of risk, for which proper health and safety measures are of course needed. Other activities or tasks in enterprises should be restarted gradually of course with an adequate level of prevention effectively put in place. It is important to consider which activities within the enterprise and the economy should be prioritized at the start of return to work with respect to importance for public health, society and the economy on the one hand, and how to ensure effective prevention, on the other hand.

A guiding principle for exiting the COVID-19 crisis will be making sure that actions are taken at the appropriate level so that people can gradually return to the workplace in healthy and safe conditions. This aspect has not yet been sufficiently present in EU level discussions. Public authorities jointly with social partners will need to find the right strategies to achieve this, taking into account the specific circumstances of different countries, sectors, enterprises and job requirements such as workers' level of interaction with clients, customers or users, possibilities to establish effective social distancing measures, availability of personal protective equipment such as masks and adequate means to do biological and serology tests.

Another guiding principle is to ensure that social dialogue is supported at the appropriate level(s) and in full respect of national industrial relations systems and practices. A well-functioning social dialogue is key in a successful exit strategy. Moreover, risk assessments and prevention strategies should be adapted at the very start of the exit process. Workers' participation, as well as employers' and workers obligations regarding serious imminent and unavoidable danger must be guaranteed in line with the EU Health and Safety Framework Directive (89/391/EEC). Supporting measures, the form

of which should be decided at national level in full consultation with social partners are needed in order to address adequately the present situation.

A coordinated and gradual approach as described above is necessary to deal with the hazard, following the principles and responsibilities enshrined in the existing EU health and safety legislation. Effectiveness of measures will depend on employers' actions to adapt their risk assessments and training of workers, to develop prevention strategies and mitigate the risks where they occur. Compliance with measures will depend on employers and managers communicating clearly and involving their workers and their health and safety representatives, and on workers strictly following the instructions. The EU should encourage national governments to promote the tried and tested hierarchy approach, cascading from hygiene and social distancing measures to collective protection and use of personal protective equipment (PPE), including masks and testing. Many lessons are to be taken from services which remained open and accessible during the COVID-19 crisis and could be ground for further analysis and taken as examples for best practices.

Additionally, recommendations, provisions and rules made at national level, will need to be complemented by targeted guidance/provisions in order to apply them in different work situations and sectors. A good work organization and concrete, simple and accessible health and safety protocols on adapting activities, where necessary, to the new conditions are important. The issue of providing employers and workers with sufficient means for their protection, as part of the hierarchy of measures, such as PPE and hygiene products, is crucial.

We call on national authorities to provide enterprises' managers and workers, in particular in SMEs, with practical guidance on health and safety actions at the workplace. This should be devised jointly with national social partners. National Occupational Safety and Health inspectorates are those in charge of ensuring that the applicable health and safety legislation is complied with. At the same time, they should also provide guidance and support to enterprises and workers in their efforts to address this new risk. Particular support for SMEs would be necessary from National Occupational Health and Safety inspectorates and specialised services to assess this new risk and reduce the related burdens. European Social Partners are already engaging with DG Employment and EU-OSHA to provide input to the occupational safety and health guidance they are developing for returning to work after COVID-19. This aim should be to devise broad, simple and accessible guidance, which can be adapted to and useful in different national, sectoral and enterprise situations. We also call on the Commission to promote and facilitate access to best practices from Member States, social partners and enterprises.

Social partners additionally ask European and national authorities to provide clear and concise information to consumers on how to behave and comply with hygiene and health and safety measures.

The EU should also devise an industrial reconversion plan to activate and where possible reconvert production lines for personal protection equipment, including masks, as well as ensuring its free movement around Europe and the quality of the equipment. While testing the population for immunity to COVID-19 or not being contagious any more, may seem to be a good strategy, it should not delay people returning to work, e.g. due to lack of access to tests, especially considering adequate health and safety measures are put in place in workplaces, e.g. hygiene, social distancing etc. In the case of testing and tracking individuals, it is important to respect fundamental rights and the necessary data protection and privacy provisions.

Continue the emergency measures when and where needed, e.g. providing liquidity, short-term work schemes for activities which cannot or only partially be taken up, income support for self-employed in such sectors, etc.

The European social partners stand ready to contribute to a coordinated gradual and safe return to work and to freedom of movement of goods, services and people within the European Union and the European Economic Area.

3. Recovery

We must start immediately to define a clear, ambitious, and co-ordinated EU recovery plan. We need **an ambitious and coordinated fiscal stimulus** underpinned by a European Union able to mobilize resources and investment to support Member States, deploy new and innovative instruments, according to the extraordinary nature of the crisis.

This means as a starting point looking at how we can further **expand the Commission's Corona Response Investment Initiative to provide immediate support** to enterprises and workers through the fall-out of the crisis (not all activities will be able to restart at the same time), maintain employment and ensure the supply of essential goods and services. We must ensure that all unused structural funds are rapidly deployed, including by reducing national co-financing rates for both public and private investment, as well as temporarily easing application, monitoring and reporting requirements.

This needs to be accompanied by **rapid agreement on an ambitious new multi-annual financial framework (MFF)**, including the possibility of a specific **European Recovery Fund**, as discussed at the Eurogroup in order to support the recovery with fresh money.

In addition, social partners call upon both national and EU-level authorities to learn from what has happened and not to simply go back to doing things the way they were done before, after the crisis is over. This is an opportunity to capture and retain the innovations and cultural changes that have taken place, by removing unnecessary and outdated barriers to transforming services. The crisis has demonstrated that it is possible to act with speed, agility and good governance in an emergency situation and for different public and private organisations to work together effectively.

In order to address the extraordinary challenges we face, **the EU budget must play a greater counter-cyclical role**, with measures taken to increase the amount of expenditure, particularly at the start of the programming period. **The recovery plan must rapidly channel investment into key strategic areas that can reinforce Europe's long-term competitiveness, growth and quality employment creation**, by deploying all available financial tools including through an enhanced role for the EIB Group, underpinned by increased capital guarantee. In particular we need:

A. A new boost to strengthen the Single Market is needed. Strengthening freedoms of movement of capital, goods, services, people and data in the Single Market through joint measures that would ensure a level-playing field can release economic power that would enable a much faster economic and social recovery in the EU. This can be achieved through:

- New measures that both facilitate marketing of products in the Single Market and ensure the level-playing field and fair competition;
- New impetus to the services Single Market the potential of which had been underused for years – now the EU has a chance to make further steps to unleash it by further opening or creating of markets where job creation potential is greatest;
- As digital became a technology helping to survive, similarly it will be the technology helping to come back – a boost through access to the digital Single Market is needed (for example, through an initiative like “e-commerce available to all”, ensuring that all businesses, SMEs, citizens can fully benefit from e-commerce), and “cyber-security training for all” to keep everyone educated on cyber-threats;

B. An ambitious investment offensive coordinated between EU institutions and Member States and balanced between public and private investment in order to get the economy and our socio-economic ecosystem back on track after the crisis:

- Making our societies and economy greener, more circular and more sustainable. In order to do so, the green deal needs to play a key role while adapting to the new reality after the crisis and urgently accompanied by a feasible economic action plan and a socially-just transition;

- Building a Europe fully prepared for the Digital Age by speeding up the second phase of digitalisation, increasing public funding for the roll out of 5G networks and e.g. overcoming fragmentation by EU wide spectrum management while ensuring a level-playing field and fully respecting the GDPR;
- Making Europe more resilient than in the past (strategic autonomy where necessary and feasible and diversification of sourcing) and stronger in comparison to our major competitors, building upon a strong industrial strategy;
- Boosting Research and Innovation and the deployment and spreading of key technologies anchored in strong IP investment;
- Supporting the long-term survival and creation of viable enterprises and the creation of quality jobs;
- Ensuring accessible, affordable, and high-quality care infrastructures;
- Significantly improving investment in our transport, energy, digital and social infrastructure as well as in education, public services and social protection systems;
- Enhancing support for Entrepreneurship and SMEs;
- Developing accompanying instruments to ensure that the money will be well spent in order to improve Europe's global position.

C. Global action. This is a global crisis that needs **strong international coordination** both in the exit as well as in the recovery phase with active engagement of multilateral institutions like the IMF- International Monetary Fund, the WHO- World Health Organisation, the WTO- World Trade Organisation, the ILO – International Labour Organisation -, and the UN SDG agenda 2030.

Sustainable trade will be key to promote economic recovery and allow enterprises to rebuild value chains that have been disrupted by the Covid-19 emergency.

This implies to eliminate all export restrictions that were introduced in the context of the fight against Covid-19 and also to ensure that all modes of transport and customs procedures run smoothly, avoiding bottlenecks and allowing goods to reach their final destination in reasonable times

Solidarity will be more crucial than ever in the coming months in **helping maintain convergence between Member States** and thus helping to protect the level playing field of the single market.

In particular, we must do everything it takes to protect our single currency, including **ensuring all Member States have market access to funds needed for their recovery plans.**

Looking forward, we encourage finance ministers to quickly focus on the **completion of the Banking Union and Capital Markets Union**, which can contribute to the revitalization of business financing to the benefit of all.

Whilst financial support will play an immediate boost to restarting our economies, **we will only deliver long-term financial stability, prosperity and employment if there is a renewed focus at both EU and Member States level on ensuring policies have a greater focus on supporting investment, growth and employment.** Now, more than ever is the time to deliver on our long-held aspiration to ensure the EU really is the best place in the world to start and expand economic activities which are able to deliver high quality job opportunities and living conditions for all. This means in particular a new drive to complete the single market based on fairness and level playing field.