



## A European Industrial Policy for Quality Jobs

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Europe stands at a critical juncture. Industrial production is falling, and deindustrialisation is no longer a distant threat but a present reality. Our manufacturing heartlands and key sectors are being reshaped by poor corporate decisions, insufficient investment, and a lack of a coherent European industrial strategy. Both traditional sectors like automotive and steel, and emerging net-zero industries such as battery and wind energy manufacturing, face restructuring on a massive scale.

The old “business-as-usual” approach cannot continue. Without bold action and significant spending, Europe risks harming and losing numerous key industries. Investment in innovation, upskilling, and social cohesion is essential—not just to sustain businesses but to guarantee high-quality jobs and fair wealth distribution. As the Draghi report emphasizes, Europe's competitiveness cannot rely on social cost-cutting; it demands unprecedented investment and a clear industrial strategy that builds a sustainable, prosperous future for all. As a first step, the Clean Industrial Deal, promised by President von der Leyen, must deliver on both decarbonisation and the creation of quality jobs, ensuring that climate action and social justice go hand in hand to protect workers.

An industrial policy is an intervention in the market, taken by a government or by an authority with convening powers, such as the European Commission, designed to achieve a specific economic outcome or outcomes. Any industrial policy should have clear objectives: this is an industrial policy for quality, skilled, well paid and unionised jobs across Europe in line with a sustainable economic model for the people and the planet.

The ETUC 2023 Congress identified industrial policy as a key priority for the ETUC.

The ETUC defines industrial policy as follows: “*European industrial policy covers the regulatory framework, public and private interventions and instruments to support, promote and orient economic activities aimed at the achievement of quality jobs and social progress in all sectors and regions in Europe, as well as sustainable economic activities for the people and the planet*”.

For the ETUC, a European industrial policy must be inclusive: that means it must cover the EU and its member states, as well as the accession countries (Albania, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, Turkiye and Ukraine), Iceland, Norway, Switzerland and the UK. Inclusivity also requires a greater understanding and support to the challenges faced by



smaller states.

A European Industrial Policy requires strong cooperation with European Trade Union Federations to ensure the sectoral dimension. It must cover not just manufacturing, but all sectors, and it must address not just the green, but all transitions.

### **The Role of the State and the Public Sector**

A strong role of the state and public authorities is needed to proactively drive the shaping of the transformation, intervene in economic affairs, and ensure social progress, high-quality jobs and sustainable economic activities. The EU and national governments must play a stronger role in equipping industries to meet the scale of the decarbonation challenge. As climate emissions become possibly more difficult to abate, we have limited carbon emissions to spare. Also, as resources are increasingly scarce we must decide how best we use them. The goal of the state and public sector should be to ensure that we undertake tasks that are in the material, social and quality of life needs of citizens.

The public sector is an integral part of our industrial policy: a robust European industrial policy must be based on resilient and well-resourced public services and public administration. Labour Inspectorates, tax administrations, environmental protection agencies and permitting agencies will require greater resources so as to respond to the needs of industry.

Underpinning a European economy based on quality jobs in the private sector must be a strong and well-funded public sector, delivering high-quality public services, including excellent healthcare, education, support for the elderly and vulnerable, and with clean, reliable and efficient social and physical infrastructures, including energy and transport systems, and adequate, decent and affordable housing.

### **Core elements for an European industrial policy for quality jobs**

The delivery of a European industrial policy for quality jobs requires:

- Social partners being fully involved; the European industrial policy should be developed, implemented and monitored through social dialogue and collective bargaining.
- High-level leadership; for a European industrial policy to work, it must be championed at the highest level. This means that the European Commission and governments need to commit to making it a success.
- There will be no meaningful industrial policy unless individual European governments commit to such a policy within their own countries. The creation of an Industrial Strategy Council should also be considered, including relevant Commissioners and responsible Ministers, as well as cross-sectoral and sectoral social partners.
- For social dialogue to be fully effective, unionisation must be promoted and funded, especially in new sectors, in Member States and in regions where they are collective bargaining coverage is low.

### **Political Context**

This resolution follows the publication of Political Guidelines by Ursula von der Leyen in July 2024, in advance of her re-election as President of the European Commission. In those guidelines, President von der Leyen called for:

- A Quality Jobs Roadmap, developed with the social partners, to support fair wages, good working conditions, training and fair job transitions for workers and self-employed people, notably by increasing collective bargaining coverage;
- A new Pact for European Social Dialogue in early 2025 ;



- A new Clean Industrial Deal for competitive industries and quality jobs, in the first 100 days of the mandate;
- An Industrial Decarbonisation Accelerator Act to support industries and companies through the transition;
- A revision of the Public Procurement Directive, to enable preference to be given to European products in public procurement for certain strategic sectors.

The Political Guidelines recognised the importance of resilient supply chains across Europe: “We have seen first-hand the dangers of dependencies or fraying supply chains – from medical products in the pandemic to Putin’s energy blackmail or China’s monopoly on raw materials essential for batteries or chips.”

Von der Leyen also announced a “*new approach to competition policy, better geared to our common goals and more supportive of companies scaling up in global markets - while always ensuring a level playing field.*” As set out in the Guidelines, merger control should be better equipped to assess strategic aspects linked to global markets, market concentrations, innovation and resilience.

On technology, the Political Guidelines also stated; “Tech giants must assume responsibility for their enormous systemic power in our society”.

### **Ensuring quality jobs**

Industrial policy should be designed with the objective of maintaining, guaranteeing and creating quality jobs in Europe. We live in a time of transition, including the green and digital transitions. An industrial policy should seek to minimize the losses and maximize the gains from this change. It needs a phase-in of quality jobs strategy concomitant to the phase-out of jobs in the sectors affected by decarbonation. It should concern itself with the following questions: What jobs can we protect? What jobs, in new sectors, with the right investment, can we develop, bring and expand to Europe? How do we minimize job losses? And when jobs are lost, how do we ensure that new, highly skilled, well-paid, quality union jobs can be created to replace them in the same region and that workers are fully supported in the transition?

The ETUC defines quality jobs as including the following: (i) collective bargaining, (ii) full respect for workers and trade union rights, (iii) fair wages, (iv) work security and social protection, (v) training without costs and during working time, (vi) good working conditions, (vii) health and safety at the workplace, (viii) work-life balance, (ix) equality and non-discrimination.

Investments in the economy at EU and national level should be linked with social and environmental progress and quality jobs, through strong social conditionalities. Clearly a large amount of funding will be needed to meet the challenges we face and, given the tendency for many companies to focus on short-term profit maximisation and shareholder interests, it is necessary for financial support for companies to be tied to corporate actions and behaviours that help to overcome rather than entrench those challenges. Environmental and tax conditionalities must be introduced as well.

A robust skills and qualifications policy, including reskilling and upskilling, is an essential part of this industrial policy. Companies must pay their fair share in funding training provision for their workers and support them to improve their qualification levels. Welfare and unemployment insurance is important as workers are transitioning from one job to another; there is a case for a job transition policy at European level.

It is urgent to revise the EU public procurement Directives to ensure that public money goes to companies, including subcontractors, that respect workers and trade union rights, that negotiate with trade unions and whose workers are covered by collective agreements. Companies that have been found to break health and safety



rules should be excluded from public contracts.

As an important complement to industrial policies, the EU legal framework on competition should be aligned with the same overarching objectives, in order to effectively contribute to quality jobs and responsible business conducts. Concretely, this means state aid, antitrust and merger control with strong social conditionalities and due regard to their impacts on the labour market.

A successful industrial policy must achieve decarbonisation objectives and support quality job growth and development, as well as social cohesion. Sustainability is an economic, social and environmental concept. Industrial policy should ensure the anticipation and management of change and a just transition based on social dialogue and collective bargaining. Europe's current just transition mechanism fails to safeguard and create quality jobs, in contrast to the US Inflation Reduction Act, which aims to spur investment in green technology and incorporates meaningful conditionality, mandating firms seeking tax credits to hire paid apprenticeships, support unionisation and the payment of fair wages. A just transition is particularly important for countries whose economies are still heavily based on fossil fuels. There is also a significant need to fund green just transition measures in the energy sector in general, and in all energy-intensive industries. Furthermore, without investment in a just transition, it will be impossible for governments to carry workers with them. For this reason, an EU just transition directive is urgently needed. Upskilling and the right to training for all without cost to the worker and during working time must be guaranteed, together with adequate investments and the necessary skilling and re-skilling programs to achieve this objective.

Clean, reliable and affordable energy is essential to power European industry. It is urgent to ensure the accelerated deployment of renewable and decarbonised energy. The design of the European energy market and funding of European energy are critical questions to be addressed. It is vital for Europe to recognise energy as a public good and to reduce Europe's energy dependency through the development of domestic sustainable energy sources and demand reduction measures while fighting energy poverty. Europe must become better at producing greener transport, such as planes, ships and rolling stock. Moving towards a circular economy entails a fundamental transformation of the economy and the industrial system at all levels and thus needs strong anticipation and preparation.

It is key to shape technological progress to ensure its benefits are shared with workers and serve the good of society. The digital transformation must be human-centered while taking into account its environmental impact. Machines and other technological investments, such as robots, can improve both working conditions and wages if done right.

European competitiveness should be based upon social progress and environmental standards, quality jobs and upward social and wage convergence and promote collective bargaining and social dialogue, not on social dumping and a race to the bottom in terms of wages and working conditions.

### **Ensuring investments of the scale necessary**

Industrial policy must be backed up with investments of the scale necessary to meet the challenges. As noted by Mario Draghi and numerous others, investments so far put forward by the European institutions to support an industrial policy are insufficient. Currently China, India, and the United States are significantly increasing their renewables capacity and investing at scale in research and innovation. The funding gap between Europe and the United States in terms of investment is equivalent to half a trillion euros a year. China's subsidies to net-zero industries are double that of the EU relative to GDP, distorting the market and allowing them to dominate key technologies. Current EU restrictions on borrowing further limit the ability of member states with higher debt and deficits to meet green spending needs.



There must be a permanent investment tool at EU level to ensure the necessary resources in all sectors and in all Member States and regions for industrial policy and for social and green targets, on the basis of the positive experiences of Next Generation EU and the strong labour focus of SURE. In addition to genuine fiscal capacity for investment, an EU sovereignty fund for just socio-economic transition and common goods are necessary pillars for industrial policy.

We seek a better, more equal, world of work after the transitions. This requires EU transformation funds to support women, young people and other underrepresented groups who are currently not in employment, education, or training, with the private sector contributing its share of the funds to further social progress. They should be part of the permanent investment tools.

The underfunding of regulatory bodies also puts workers at risk and this must be addressed.

Whilst it is not a panacea, state aid is an important element. A forward-looking reform of the state aid framework is needed to enable Member States to pursue proactive economic policies to deliver quality jobs and social progress, as well as sustainable economic activities for the people and the planet.

State-aid rules must be reformed to promote quality jobs while taking into account the risk of fragmentation between nations and the differentiated financing capabilities of national governments.

The reintroduction of austerity policies is incompatible with an effective European industrial policy for quality jobs. This calls for progressive taxation. Furthermore, a European industrial policy cannot fall into the trap of a backwards looking approach that focuses on deregulation. We must look at the most effective ways to achieve the objectives of regulatory measures. Strong enforcement, inspections and public administrations are key. Effective and protective rules ensure a level-playing field and should not be considered as a drag on competitiveness.

### **Developing a place-based approach**

A strong economy and industrial policy cannot be created in isolation. Positive and negative economic developments have strong effects for the regions and territories activities are based in, with direct and indirect job and economic consequences. A European industrial policy has to be place-based. It is essential that regional, sub-regional and local governments work with trade unions on the ground, who are embedded in local economic structures and are an unparalleled source of expertise. Small and medium-sized enterprises (SMEs), as the majority of employers and often regionally based, are vital to communities, industry supply chains and sales. They require significant and specific support to ensure their resilience and continued contribution to the economy.

It is important to build upon the “right to stay” principle, ensuring sustainable economic development and quality jobs in all states and regions. Ensuring improved working conditions and quality jobs – also in new occupations – is also essential to overcome labour and skill shortages.

Industrial policy shall also prevent further delocalization of industries and jobs abroad and support more actively the relocalization of industries and jobs in Europe while doubling down on the fight against social, fiscal and environmental dumping.

### **Ensuring a level playing field**

China has reshaped the global economic order in the last 45 years, but clearly international trade must take place between companies and countries following the same rules. It is necessary to ensure a level-playing field, including with regard to other workers and trade union rights, the right of association as part of independent trade unions, in China and other third countries.



An ambitious and sustainable EU Open Strategic Autonomy policy is the way forward. This includes a focus on the supply and sustainable use of affordable clean energy, strategic raw materials and technologies such as microchips. It is also key to ensure that EU trade policy supports industrial policy and delivers a true level-playing field.

As President von der Leyen indicated in her Political Guidelines, there is excessive concentration among a few companies in information technology, which highlights the importance of digital public infrastructure.

An industrial policy should ensure that European companies can compete with large corporates from countries such as China and the United States. Trade union engagement is necessary, however, to ensure territorial integrity, so that major European companies are not located in a few key industrial districts but are spread across the nations and regions of Europe.

While merger control to a larger extent should take into account also global and future competition, the approval of mergers and acquisitions should be made subject to clear public interest tests with strong social conditionalities. Behavioural remedies should be imposed to ensure respect for acquired rights of workers, collective bargaining and democracy at work, as well as prohibiting mass redundancies or relocations, and prescribing upskilling and reskilling opportunities for the workforce. Dominance and concentration must increasingly be assessed also with regard to the labour market impacts, social and territorial cohesion, focussing not only on exclusionary but also exploitative business behaviours.

### **Supporting all sectors and quality jobs in all sectors**

An European industrial policy should support all sectors of the economy to thrive to ensure quality jobs and sustainable economic activities. Sector-specific support measures should be developed and implemented including but not limited to:

- The manufacturing sector in Europe is directly linked to 36 million jobs. Sectoral industrial policies to maintain industrial diversity and a broad industrial base inside the EU are needed. Targeted action plans and transition pathways should be developed for all sectors/supply chains of strategic interest or confronted with structural change. These include:
  - (Sub)Sectors and value chains with a strong growth potential, rapid technological change (e.g. the key enabling technologies) or faced with strong international competition;
  - Energy-intensive sectors that must move to more sustainable structures and even completely decarbonise by mid-century.
  - “Premium strategies” for low- and medium-tech industries to support their structural upgrading by leveraging their innovation potential and by improving their production processes.
- Private services, including cleaning, security, finance, ICTs, logistics and retail, represent the largest (and growing) share of employment, with more than 100 million direct jobs. Targeted public support is needed to ensure just transitions in these sectors, to manage the substantive transformational challenges to safeguard quality jobs, social progress and economic resilience. It is essential – amongst others – to: (i) ensure job quality in services through collective bargaining, (ii) encourage social criteria in public procurement, (iii) increase investment with social conditionalities in services, (iv) combat the informal economy in services through public policy, (v) reevaluate services of a general interest.
- The Covid-19 pandemic also underscored the critical role that both private and public essential services play in our daily lives and well-being. To safeguard



quality jobs, social progress, and economic resilience, essential services require targeted support to address the significant challenges they face now and for preparedness in the future. We must promote collective bargaining, enhance public oversight of employment conditions through strong public policy measures and incorporate social criteria into public procurement.

- Public services are also essential for a successful industrial policy. Investment is necessary in public infrastructure, including in well-functioning energy, digital and transport networks. There is also an important role for public banks in providing economic, social and sustainable infrastructure.
- For agriculture and food systems, it is necessary to ensure a fairer Common Agriculture Policy. The social dimension of CAP should be further strengthened in conjunction with the next CAP reform in 2027. A sustainable food system that ensures global food security, and environmental and social sustainability, can only be achieved by addressing longstanding systemic issues that affect vulnerable actors in the food chain, such as the concentration of power, speculation in food commodity markets and an unsustainable approach to trade agreements. Europe must take action to secure its own fertilizer production as an essential input to food production, to avoid a new import dependency and the associated risk of food price manipulation. Action must also be taken to strengthen water infrastructure to minimize water scarcity.
- The tourism sector is one of the main pillars of the EU economy. It represents around 10% of EU GDP and provides jobs to approximately 12 million workers in the EU. However, the development of the sector has been mainly reliant on an economic model based on profit maximisation, and growing precarisation of employment while at the same time damaging local communities and the environment. For the future, we need a different tourism model based on strong collective bargaining rights, employment stability, visitor loyalty, less impact on the environment and reduction of seasonality.
- The EU construction sector employs 13 million people and represents nearly 10% of the European Union's GDP, making it a crucial part of the economy. A sustainable and resilient construction industry has far-reaching implications, not only on economic growth but also on social and environmental progress. Construction as a sector is inherently local, yet its workforce is highly mobile, with a high reliance on posted workers and subcontracting chains and is dominated by SMEs. This fragmentation creates numerous challenges, including a heightened risk of fraud, social dumping and labour crime.
- To address these issues, there is an urgent need for decisive legislative action to limit subcontracting and promote direct jobs. Labour agencies should be banned in the context of the posting of workers, as they often contribute to precarious working conditions and undermine fair competition. Public procurement policies should be leveraged to ensure social conditionalities for quality jobs promote better employment practices by requiring that contracts are only awarded to companies that respect workers' rights, provide stable and direct jobs and promote fair wages based on sectoral collective bargaining agreements. Furthermore, addressing labour shortages and making the sector more attractive requires a comprehensive approach to improving working conditions, enhancing training opportunities and ensuring the industry supports the well-being of its workers. In this context it is also worth noting that the concept of the Alongside the "right to stay" needs to be further developed, as at the same time there is a need for fair migration pathways and initiatives that support fair mobility, ensuring that workers' rights are respected across borders, irrespective of their employment relationships.
- For transport, the goals must first and foremost prioritise the strategic objectives



of the promotion of sustainable economic development, the creation of quality jobs, and the advancement of social and territorial cohesion. It is necessary to ensure better coordination with industrial policy, together with the necessary investments in sustainable infrastructure. The ability of the sector to fulfil its vital social and economic function is being undermined by the lack of quality jobs, leading to debilitating labour shortages. Liberalisation and the pursuit of competition at all costs has created a situation in which transport operators primarily compete on who can bring labour costs down the most. The incentive structure of the transport sector must be changed to instead encourage investment in high quality jobs, sustainable infrastructure, and vehicles rather than fragmentation and underinvestment. Transport must be understood by policymakers as a strategic infrastructure, not a market for liberalisation. Most transport takes place within Europe, meaning competitiveness is a moot point. Some cross-border European infrastructure will be needed and it is important to ensure that it is not simply focused on the core. Transport networks have seen investment in main routes both within and between Member States, but this often leaves the peripheral routes behind and contributes to transport poverty and this must be changed.

- Care must be taken to ensure industrial policy is tailored to the needs of each transport mode. In modes where European firms are in competition with third-country competitors – especially long-distance civil aviation and ports – action must be taken to reduce competitive disadvantages without reneging on social and environmental standards. In intercontinental air travel, the EU should support European airlines to compete with third-country firms by allowing consolidation and removing unfair air transport agreements. Similarly, the European port sector is being impacted by a botched implementation of ETS in shipping, diverting shippers to neighbouring non-EU ports. This has threatened employment and created the risk of carbon leakage. More must be done to ensure that EU ports, as vital strategic infrastructure, are not put at a disadvantage.

### **An Industrial Policy for the whole of Europe**

This industrial policy applies to the whole of Europe – the EU, as well as Norway, Switzerland, the United Kingdom and the EU accession states. Whatever the UK's future relationship with the EU, it is essential that workers rights acquired during over 50 years of EU membership are not lost to UK workers post-Brexit.

Albania, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, Türkiye and Ukraine are in different stages of the accession process to the EU. It is important that they fully adhere to the EU social acquis and strengthen social dialogue before they complete the process of accession . This includes necessarily full respect for trade unions' role and for workers and trade union rights. This must be a key focus for the enlargement process and discussions.