

To the attention of
Charles Michel
President of the European Council

Dear President,

The European Trade Union Confederation welcomed the adoption by the Council of the €750bn EU Recovery Plan and the €1,074bn Multiannual Financial Framework 2021-2027. It is good news for the 60 million workers in the EU, who depend on rapid investment to save their jobs or to avoid long term unemployment. It represents a change from the disastrous austerity-led response to the previous crisis, from which Europe had not yet fully recovered when COVID-19 struck.

The ETUC also welcomed the decision to fund the recovery measures through European bonds to be guaranteed directly by the EU and to grant an important part of the funds through direct financing, thus avoiding unsustainable additional debt for Member States.

The ETUC now urges all EU institutions and national governments to adopt the recovery plan, and to set its implementation as the highest priority, through the timely application of national and sectoral recovery plans.

At the same time, there are important aspects of the agreement reached by Council that are either negative or need clarification.

The insistence of some Member States to cut the proposed funds, particularly grants, and introduce Council control over national recovery plans; together with demands for increases of rebates and weakening of positive and binding funding conditions such as those related to respect of the rule of law are of great concern. This potentially can lead to harmful austerity and structural reforms.

Particularly unacceptable are cuts to the proposed Just Transition Fund, health measures, funding for research and innovation, and measures for solvency and restructuring support. The overall EU budget is not big enough to deliver ambitious green and digital transformation and adequate resources for cohesion, convergence and social priorities.

The reference to the social dimension, to the European Pillar of Social Rights, and to the need to protect and create massive employment opportunities, apparently disappeared from the final deal of the Council. The employment crisis the EU is going to face in autumn is the real emergency the institutions should consider in the framework of any recovery strategy.

Last but not least, there is no guarantee of a proper involvement of social partners at EU, national and sectoral level in the governance of the Plan, in the design and implementation of the investment priorities, and in the monitoring of the results; particularly in terms of impact of investment, industrial policies, job protection, quality job creation, just transitions and defence of workers' and social rights.

This is acutely paradoxical, since the social partners are the actors in the economy and labour markets that will have to deliver the measures of the Recovery Plan in practice.

The ETUC therefore asks you for an urgent meeting to discuss:

- **How to reinforce social partners involvement and the partnership principle in the design, governance and implementation of both MFF and Recovery Plan, and make the respect for social dialogue, collective bargaining and workplace democracy compulsory conditions for funding.**

- **How to make sure that social partners' involvement is guaranteed at national level in each and every member state, on the design and implementation of all the aspects of the national recovery plans.**
- **How to make sure that social partners' involvement is guaranteed also at European sectoral level, when it comes to the so-called ecosystems where investment and restructuring actions are going to be implemented.**

Regarding the content of the Recovery Plan, the ETUC asks you to consider the need to:

- Uphold the rule-of-law in all EU member states, and that those who flout it do not have access to EU financial support.
- Clarify the governance/emergency brake mechanisms to avoid national recovery plans being held up in Council as a means of delaying payments, and above all to avoid the future imposition of damaging fiscal conditions and austerity measures that had only made the last crisis longer and more painful.
- Reverse the cuts to the Just Transition Fund and make the 2050 and 2030 targets binding conditions for funding, since climate action is urgent and needs to create jobs, not destroy them, especially in the regions heavily dependent on fossil-fuel and high-emission industries.
- Restore health-related funding: if the corona virus has taught us anything, surely it is the need to invest in public health services, health care and health care workers.
- Restore the Solvency Support funding, which is crucial to address the restructuring processes companies have begun since the COVID outbreak.
- Reverse the cuts to InvestEU, Horizon Europe, ReactEU, and restore the external action related programmes (NDICI, Humanitarian Aid).
- Preserve social investment in the MFF, reinforcing the ESF+, restoring the European social model and social protection systems, by fully implementing the European Pillar of Social Rights and the Agenda 2030 of the UN.

Finally, the ETUC is convinced that reforms of EU governance and decision-making, as well as further integration of the Eurozone, are now urgent, to restore unity and cohesion in Europe.

The Conference on the Future of Europe becomes even more crucial, and the ETUC ask you to ensure that social partners' participation is guaranteed, that veto-rights are avoided, and that a more social and fairer EU is built, comprising a Social Progress Protocol to be included in the Treaties.

Thank you very much for your attention, looking forward to your kind reply.

Best regards

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