



25 March 2024

Dear Professor Draghi,

Ahead of your report on European competitiveness and with the upcoming discussion on the EU strategic agenda, the prime ministers of Sweden and Finland have, in a joint letter of the 18th of January 2024, addressed you with the two Nordic government's views on a competitive society.

In this letter, we - the joint Swedish and Finnish trade union movement - representing five million workers on our labour markets - would like to give you our views on the different statements raised by our governments. While we support many of the points raised by our governments, we think that the letter fails to include some important building blocks needed for competitive and inclusive societies.

Social dialogue and collective bargaining have been an integral part of our Nordic models for many decades and have decisively contributed to competitive societies. We are therefore happy to see that over the last years, the importance of social dialogue, collective bargaining and strong and equal social partners have been acknowledged by important institutions such as the OECD, the European Commission and even the EIB. The right of national social partners to regulate labour law issues through negotiations and collective agreements rests on a solid legal and political basis. It is recognised not only in the Swedish and Finnish labour market models, but also in for example the EU Treaties and ILO Conventions.

Regardless of this massive support for trade union rights, we see in several member states attempts to decrease the possibility for trade unions to defend the rights of their members in their fight for better working conditions. A flagrant example is Finland, where the government is currently pushing through a large number of legislative changes which reduce job security, limit the right to strike and weaken social security. The impact of these changes to the Finnish labour market and to society as a whole is extremely worrying. Tendencies to weaken the role of trade unions can also be found in Sweden, with political proposals to decouple safety representatives at the workplace from the trade unions.

These developments stand in sharp contrast to strengthening trade unions and workers' rights, and do not reflect what we believe are cornerstones in a competitive society; good working and living conditions, fundamental human and trade union rights and respect for the rule of law. It also stands in sharp contrast to the new EU recommendation and communication on social dialogue that was recently adopted.

In the following, we would like to address the eight proposals from our Prime ministers in detail:

Our governments hold that “*the single market is the key driver of European competitiveness*”. We agree that the single market is crucial to create jobs, economic growth and foster our industries. But the single market must be based on quality jobs and good working conditions. It must be ensured that unfair competition and social dumping have no place on the single

market of the future. Competitiveness must never be an excuse to limit trade union rights, such as autonomous collective bargaining or the right to strike, which on several occasions has been the case with internal market legislation. The EU should always compete with quality and strive towards sustainable economies while promoting democratic values and the rule of law.

Europe can be a frontrunner for sustainable and democratic trade, and we agree that “**European companies need access to global markets in order to be global leaders**”. But, as is the case with the single market, access to global markets must be combined with responsible business conduct. EU trade measures should be normative and set standards globally, creating decent jobs worldwide. This is why the two recent EU proposals on CSDDD and the ban on forced labour are so important.

There is indeed in Europe a “**need for more ambitious investment in research and development**” in order to foster innovation that can lead to decent jobs and address future challenges. Ambitious and continuous investment in research and development are crucial in order for the green and digital transition to be successful, and the EU needs to promote global exchange in order to be more innovative.

Our governments also point out that “**the framework for state aid and competition policy need to be strict**”. We agree that state aid shall not be used in order to save uncompetitive business or to create distorted competitive advantages. In addition, state aid must under no circumstances be misused as an incitement to relocate profitable business from one member state to another in order to increase profits through lower labour costs and worse working conditions.

We could not agree more when it comes to the headline “**Climate change and the energy transition need to be addressed**”. Such a transition needs to be just, and fair. Job-to-job transition requires skills development, and good working conditions not only in the new sectors, but competitive conditions in the public- and welfare sectors so that people are encouraged to invest in a new future.

Our governments underline that “**the digital development must be accelerated**”. It already accelerates at a high speed, and in this process come new challenges affecting the health and safety of workers. We are for example talking about the increasing use of AI in the world of work. It must be ensured that working conditions are up to date for the 21st century.

It is true that “**technological advancement has led to an increased skills gap facing European industry**”. Therefore, skills development for a just transition must be at the forefront to create a competitive society for the future. But social partners must be included in this work and collective agreements are an excellent tool for up- and reskilling of employees.

The last point raised is that “**better regulation must be ensured**”. We also want legislation of good quality, but the “reduction of regulatory burden”, called for by our governments from a one-sided business perspective, must not take place to the detriment of workers’ rights. We must focus on quality regulation in order for the EU to actually be able to deliver for everyone, including trade unions and workers. This includes also the possibility to balance EU legislation with national trade union prerogatives for collective bargaining and social dialogue.

We agree with our governments that competitiveness should be at the centre of the strategic agenda for the coming years. But it must be competitiveness based on good working conditions and equal opportunities, on quality jobs and social dialogue. We ask you, Professor Draghi, to take into account these essential building blocks, while preparing your report on European competitiveness

Best regards,

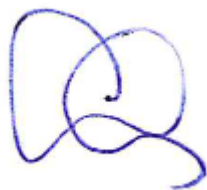


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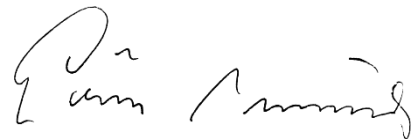
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