

For Secure Jobs in the Building and Wood Industries

EFBWW/BWI/NFBWW Platform of Action for a Social and Green Europe

In most European countries, the construction industry was hit very hard by the worldwide economic crisis. Up to this year construction activity in Europe will be decreasing by ca 13% compared with 2008. With a decrease of nearly 40%, the fall in new residential construction is disastrous.

More than 2 million jobs at risk

Until mid 2009 the employment in the European construction industry has shrunk by more than 7%, i.e. more than one million jobs have already disappeared. And the crisis is far from being over. Many countries like Spain, Ireland, the Baltic States, Hungary and Romania expect another decline of construction activity and building jobs this year. The decrease in construction activity reduces, in its turn, the demand for wood products, leading to substantial job losses in the wood sector as well. Altogether, the European construction and wood industries may come to lose more than two million jobs until the end of this year, increasing the unemployment rate substantially. Nevertheless, the loss of employment will depend on the quality and the continuity of the stimulus programs in the different countries and their implementation, as well as on possible initiatives at EU level.

No doubt, stimulus programs in the different European countries have already had a positive effect on construction and wood industries. However, the situation in many countries shows that the scope and the direction of these programs have often been inadequate. Additionally, given the rising public deficits, some governments intend to reduce or to stop the stimulus programs.

In the wood industry, the crisis has brought into focus the problem of unfair competition in world markets. As competition has become ever fiercer, producers from countries such as China have substantially increased their market shares in the EU. The EU must act to limit unfair competition based on illegal timber and exploitation of the workforce, by controlling the trade in timber and wood products more effectively.

The situation on the labour market affects also the quality of the jobs in the construction and wood industries. Wages tend to decrease, while the share of precarious jobs, such as temporary work and bogus self-employment tend to increase. The risk of wage and social dumping in Europe is increasing.

This situation calls for action. The trade unions in the construction and wood sectors therefore call on the European Union and the governments of EU- and non-EU countries in Europe

to launch a Green and Social New Deal

1. Stimulus programs and above all investment in public infrastructure have to be enhanced or at least continued and must not be stopped because of budgetary problems.
2. To live up to climate change commitments, public development programs for investment in energy- and CO₂-efficient buildings and technologies are needed; e.g., energy-saving, structural renovation of buildings, and related requirements for new buildings (revision of the relevant EU Directive, as proposed by the Parliament), promoting the construction of solar energy and wind power plants, generating geothermal power, tidal power stations, heat and power couplings, etc, as well as the renovation of existing facilities.
3. New regulations are needed to promote the use of environmentally sustainable building products. The aim of the regulations should be to give competitive advantages to products with low CO₂ emissions, and to products requiring the least amount of non-renewable natural resources, taking into account their whole life cycle. In addition, what is needed are ambitious and harmonized regulations on the energy-efficiency of buildings, once more applying a life cycle approach, which includes the energy needed in the manufacturing of building products.
4. Together with the social partners in the wood and forestry industries, a European-wide programme should be developed to promote the climate-friendly use of wood, stemming from sustainable forestry, as a building material and for energy generation. Part of this programme should be the abolishment of rules and regulations that discriminate against wood as a building material.
5. The "Green and Social New Deal" should also include training programmes for workers in the building and wood industries, to provide them with the skills needed to handle new climate-friendly technologies and materials.
6. Other social infrastructure projects should be initiated, e.g. in public transport, in the education and health care systems, in childcare, and in sports facilities. Such projects are characterised by lasting added value for the economy and society.
7. Government funding for home renovation and residential construction should be raised: Especially in areas with acute housing shortage, government or - as possible in various countries - non-profit, social home building should be promoted. Also private investors that fulfil certain environmental and social requirements should benefit from preferential treatment. The same should apply to the renovation of existing public, non-profit or private housing.
8. A European action plan, backed by a funding program and targeting to remove all still existing asbestos in public and private buildings in Europe, would provide benefits on three levels: It would be an economic incentive and could be combined with structural renovation for greater energy efficiency; it would be combined with the development of safer working conditions related to the handling of dangerous material and with the necessary training of workers involved in the construction activities; it would contribute – by eliminating one of the most dangerous products in use – to the EU policies on public health.
9. The stabilisation of the financial and credit system is essential for the construction sector: For the building industries, it is extremely important that financial markets are regulated in a way that enables the credit system to continue to function, while at the same time preventing durable and widespread net indebtedness of low- or middle-income households.
10. In its Lead Market Initiative for Europe, the EU Commission has identified six sectors in which the future growth prospects look particularly promising, and regulation is needed to remove obstacles for growth. Among these are 'sustainable construction', and 'bio-based products', whose promotion is also important from the point of view of environmental sustainability, and in order to create "green" growth. The Lead Market Initiative for Europe needs to be implemented and prioritized by making it an integral part of the EU2020 strategy.

11. To promote the wood industry in Europe, the EU needs to limit the unfair competitive advantages that many producers from third countries get by the use of cheap illegal timber and imposing un-acceptable terms and conditions of employment on their workforce. The EU authorities must place stringent requirements on timber and wood products that are placed on EU markets. To this end, the FLEGT¹ framework needs to be further developed.

to strengthen social protection and secure equal treatment

12. In times of rising unemployment and a tendency of destabilisation and an undermining of social security systems and labour relations, the European Union, the EU Member States and the states outside the EU are requested to support the social partners in the construction and wood sectors to stabilise and extend collective agreements and collective social institutions.
13. Wage and social dumping violates fundamental workers rights and may lead to protectionism, nationalism and even xenophobia. The principle of **"equal pay for equal work in the same place or in the same geographical area"** has to be maintained. The large numbers of migrant workers in the building and wood industries - also those from outside the EU - must be integrated into the social protection systems in the country-of-work and be entitled to equal treatment. The European Court of Justice's re-interpretation of the EU Posting of Workers Directive opens the floodgates to wage and social dumping and threatens collective labour relations.
14. Therefore, the Lisbon Treaty has to be amended with a legally binding "Social Progress Protocol", as proposed by the ETUC, to make it perfectly clear that the interpretation of all the free movement provisions of the Treaties is to be subject to the recognition of fundamental rights.
15. With the coming into force of the Lisbon Treaty and the Charter of Fundamental Rights, the recent case-law of the European Court of Human Rights must be respected and the European Court of Justice must adapt their future judgments accordingly, strengthening the right to strike and thereby overturning the case-law of the European Court of Justice in the Viking and Laval judgments.
16. The primary and secondary law of the EU dealing with cross-border provision of services and the movement of workers has to be adapted, in order to a) make it possible for Member States and social partners to demand equal treatment for posted workers, and to use – if needed – industrial action to enforce this demand, b) restore the Posting of Workers Directive into a minimum coordination Directive instead of a maximum harmonization Directive, c) respect different social models, and d) close all loopholes which allow employers to circumvent their obligations through posting of bogus self-employed.
17. Within the framework of the EU "Brussels I" Regulation, the possibility for employers to try international industrial action conflicts in national courts most likely to be "employer-friendly" – so called Forum-shopping – should be restricted. To restrict forum-shopping is all the more important now, since the UK, Poland and the Czech Republic will not be covered by the Social Chapter of the Charter of Fundamental Right in the Lisbon Treaty.
18. In public procurement, social clauses must be binding and in compliance with the applicable collective agreements and the relevant ILO Conventions and Recommendations. The Directives on Public Procurement need to be clarified in order to make it possible to lay down social, employment and equality criteria in public procurement, which do not only reflect an absolute minimum, but which allow all companies to compete on a common basis of good working conditions.

¹ Forest Law Enforcement, Governance and Trade

19. A legal instrument should be adopted at EU level that would lay down the responsibility of the main contractor for social abuses and fraud in the chain of subcontracting. The responsibility should at least cover social security and protection, the payment of wages/benefits, and working conditions.
20. Bogus self-employment should be combated at EU level, e.g. by defining a set of common European criteria which would provide guidelines for establishing the nature of the employment status. The rules of the country-of-work must apply in any case. The E forms² concerning self-employment have to be abolished, and the judgments in the European Court of Justice, which have established a country-of-origin principle in determining the status of a self-employed, must be overturned, thereby letting the criteria of the host country exclusively determine the employment status.
21. The transnational exchange and co-operation between national labour inspectorates to prevent and detect illicit employment should be seen from a multilateral perspective. For this purpose, an EU Social, Intelligence and Investigation Agency (EU-SIA) should be created.
22. EU legislation should lay down strict conditions on employment intermediaries in the labour market – temporary agency work, temporary recruitment, posting et al – since workers hired via intermediaries are significantly more likely to be illicitly engaged. One of the rules must be that the employer has to pay all the costs if he makes use of employment intermediaries, and that he cannot deduct such costs from the workers' salaries.
23. A European legislative initiative combating “letter-box companies” should be taken, prohibiting the hiring of workers via letter-box companies. Criminal and civil law sanctions should be imposed on legal and physical persons who are directly or indirectly involved in setting up a letter-box company. Forum-shopping via letter-box companies has to be stopped. European regulations concerning company registration, which may have contributed to the growing number of letter-box companies have to be evaluated and – where necessary – revised. The judgments of the European Court which have given too much importance to the formal place of registration have to be overturned.

How to finance?

24. To finance a “Green and Social New Deal” and to get the public deficits under control, several EU countries and international organisations have proposed a tax on financial transactions and managers' bonuses. The EFBWW and BWI appeal to the EU institutions and the governments to promote the introduction of these taxes in order to secure working places and to establish effective measures against climate change.

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² In connection with posting, the authorities of the native country issue a certificate (E 101) as evidence that the posted employee is comprised by the social security legislation of his/her native country. The E-101 form is made up in accordance with an EU regulation (1408/71)