

‘The readiness of business, employees and communities for the coming into effect of the UK’s departure from the EU’

Opening statement by Patricia King, General-Secretary  
to the Oireachtas Joint Committee on Enterprise, Trade and Employment  
2 December 2020

Congress is the largest civil society organisation in Ireland, representing over 700,000 workers.

We welcome this opportunity to appear before the committee.

While we are discussing the issue of readiness for Brexit, I do want to emphasise at the outset the importance of ensuring full adherence to the GFA and the ECHR in a future EU-UK agreement.

With regard to the matter at hand, I want to acknowledge the work by government, civil servants and stakeholders, including many businesses, to prepare.

But I also want to express concern, as the Taoiseach did last week, about the complacency of *some* businesses that haven't prepared; last Friday's Enterprise Ireland survey revealed that only 42% of businesses believe they're ready.

It is clear that while the pandemic is having the greatest impact on employment, Brexit has major consequences for many workers. The Dept of Finance estimates that a no-deal outcome would increase unemployment by 0.25 pp next year - that's up to 10,000 workers losing their jobs.<sup>1</sup> And that the impact would be concentrated in *agri-food, traditional manufacturing and financial services*, all sectors that have been relatively less affected by Covid-19 but also sectors with strong regional footprints - agri-food and traditional manufacturing in rural areas and financial services in urban.

Congress has therefore put forward a number of measures to prepare workers.

First, a ***genuine short-time work scheme*** to support the jobs and incomes of workers whose firms are vulnerable but viable. This should be modelled on the most effective schemes in other European countries – schemes that support a high level of *net* pay, and hence aggregate demand, *and* upskilling.

Second, a **retraining programme** for *workers* at risk. The OECD highlighted last Spring that 'Irish businesses provide less training to employees than those in other OECD countries';<sup>2</sup> Just one in ten manufacturing workers in Ireland took part in training in 2019. This compared to one in four in Sweden and Finland.<sup>3</sup>

Third, a **job transition programme** to help workers made redundant find re-employment. This should be modelled on the European Globalisation Adjustment Fund (EGAF), which has helped over 10,000 workers in Ireland since 2007.

We believe these complementary measures could ensure workers are better prepared.

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<sup>1</sup> The Department of Finance says that the immediate impact of a UK 'disorderly exit from the transition period at the beginning of 2021 is expected to be less severe than the impacts on net trade and GDP...because the impact on domestic demand, the key driver of labour market outcomes, is assumed to occur at a lag.' *Budget 2021 Economic and Fiscal Outlook*, p.22

<sup>2</sup> OECD (2020) *Economic Surveys Ireland*, p.12. The OECD recommends the introduction of a statutory entitlement to paid training leave for workers in Ireland.

<sup>3</sup> Source: Eurostat Participation rate in education and training (last 4 weeks) by sex, age and NACE Rev. 2 activity [trng\_lfs\_08b]

But what would enhance their chances of success is a deeper, indeed a proper, social dialogue between employers and unions.

For example, it is widely acknowledged that Germany's short-time work scheme is the model to emulate - the IMF calls it the 'gold standard'.

What's less often acknowledged is that what makes this scheme truly effective are the sectoral-level collective agreements that accompany it.

Germany's 'official' scheme supports 60% of net pay<sup>4</sup>, but this can be, and is, accompanied by sectoral agreements that support 75-100% of net pay *and* facilitate restructuring.<sup>5</sup> Consequently, firms and workers emerge better placed for recovery. The OECD also points out that workers covered by collective agreements are one-third more likely to take part in training (than those who aren't),<sup>6</sup> and that the most effective job transition programmes are those based on social dialogue.<sup>7</sup>

Social dialogue in short can ensure that businesses, employees and communities are ready for Brexit, and indeed for other major employment challenges we must address over the coming years – climate change, automation, digitalisation etc. As the European Commission president Ursula von der Leyen has said – 'I am a firm believer in the value of social dialogue between employers and unions, *the people who know their sector...the best.*'

I would be happy to discuss our ideas further.

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<sup>4</sup> 67% for workers with children.

<sup>5</sup> For example, in the film industry (100%); metalworking (80-97%); local government (90-95%); chemicals (90%); automotive craft (90%); fast food restaurants (90%); textiles services (80%); and the wood and plastics industry (75%). Source: ETUI Policy Brief No.7/2020, *Ensuring fair short-time work – a European overview*.

<sup>6</sup> OECD (2019) *Negotiating Our Way Up*, p.192

<sup>7</sup> OECD (2018) *The OECD Jobs Strategy*; this highlights in particular the role of Sweden's *Job Security Councils* which are jointly operated by unions and employers, and Austria's *Outplacement Labour Foundations*.