

Brussels, 9th July 2020

JOINT DECLARATION
ON
THE ECONOMIC IMPACT OF COVID-19 ON THE
TEXTILE, CLOTHING, LEATHER & FOOTWEAR INDUSTRIES

The European Textile, Clothing, Leather, and Footwear (TCLF) industries are major players of the European Union's economy, encompassing 200,000 companies, generating over 200 billion Euros turnover, and employing nearly 2 million people in 2019. They are part of the interlinked value chains of fashion and high-end industries, making the EU the world leader in creativity and a pioneer in industrial innovation.

The COVID-19 health and economic crisis had an immediate and serious impact on TCLF companies and employees alike. The disruption of supply chains and the shutdown of retail outlets completely destabilised these industries by dramatically reducing sales, leading to extreme contractions of revenues and financial distress for TCLF companies across all value chains. As a result, factories were suddenly closed, putting thousands of people in temporary – and less temporary – unemployment, slowing down the productive capacities of companies and weakening the growth of these sectors mostly made up of SMEs.

The risk that the effects of the crisis will linger even when lockdown restrictions have been fully lifted is high: the European TCLF industries are mostly consumer goods industries and are therefore highly sensitive to the economic well-being in major global marketplaces, and in particular of EU Member States and purchasing power of EU citizens. The recessionary market and the decrease in demand that will follow the immediate crisis put the TCLF companies and employees in major peril.

The EU TCLF Social Partners are certain that **making the right choices today on human and capital investments** will not only have a positive impact on the medium-term recovery from the crisis, but will also be a **source of long-term stability** and a **catalyst for the EU to meet the challenges of tomorrow**. More specifically,

- The EU TCLF Social partners underline the relevance of **skills and competences** acquired through responsive and agile **Vocational and Educational Training systems** as determinant for employees to adapt, re-skill and up-skill to the accelerated digital transformation prompted by the pandemic, and with a view to the recovery of

European companies' resilience and growth. Support for developing the network of the sector's centres of vocational excellence to deliver innovative digitally enabled learner-centred teaching and learning methodologies embedded in a concept of lifelong learning becomes today even more important. Joint TCLF education & training initiatives, backed up by an information campaign, will send a positive sign to the sector's companies and its current and prospective workforce.

- Pursuing the common goals set by the **Green Deal**, the TCLF Social partners and authorities must coordinate actions to reward and foster changes across the value chains.

The commitment and engagement shown by the European textile and apparel industry for sustainable and circular textiles should guide the EU action for recovery and industry re-build. In this context, **sector-agreed environmental footprint accounting rule** for all input materials and final products of the TCLF industries are key for engaging with success with EU consumers in the *single market for green products*.

- The COVID-19 crisis has shown that **offshoring** a large amount of the industrial production to non-EU countries has made the EU vulnerable. De-industrialisation has weakened the EU's industrial sovereignty and resulted in many job losses. Certain countries where production has been relocated have neither the same social and environmental standards nor ambitions as the EU is committed to. **Re-shoring production** and working towards a **green re-industrialisation** is an effective way for the EU to **preserve its industrial power** while **mitigating its impact on climate change and enhancing due diligence**.
- In relation to the ongoing revision of Regulation (EU) No 978/2012, of 25 October 2012, applying a **scheme of generalized tariff preferences** and repealing Council Regulation (EC) No 732/2008, the EU TCLF Social partners are concerned that certain of the GSP beneficiary countries such as Cambodia, Laos, Ethiopia, Bangladesh, Pakistan are still characterised by low environmental and social standards, which do not guarantee fair and balanced trade and can compromise the safety and health of both the European consumers and of their national labour force. Such unlevel playing field has facilitated some of these countries to be among the world's most important producers and exporters of textile, clothing, leather and footwear. An honest **revision of the GSP system** which avoids abuse and offers predictability, in combination with an **assertive EU trade policy** which promotes and defends our offensive interests, is therefore required.

- The EU TCLF Social partners recognise **the relevance and the appropriateness of the EU's horizontal support measures**. Thanks to its three-dimensional approach – supporting Member States to recover, kick-start the economy and private investments, and learn lessons from the crisis. Financial support at EU, national and regional levels is **vital to support viable European businesses**, and strict social and employment conditions must also be agreed and adhered to when tax-payers' money is involved. Social Partners are convinced that the EU Recovery Plan can respond to challenges on all fronts, **provided that these measures become concrete and tangible for the EU TCLF sectors and assist both businesses and employees**, and in this respect, they **reiterate** the importance of **sector-specific industry support measures** to help the TCLF companies, especially in the area of innovation and digitalisation.
- Finally, ensuring the **health and safety** of employees has to remain the utmost priority as long as COVID-19 is still circulating in Europe and no vaccine prevents new contagions. This not only means devising Occupation Safety and Health (OSH) guidelines and protocols, but also includes giving companies the means to implement such measures by facilitating access to Personal Protective Equipment (for which employees must receive training on proper use), as well as access to finance for reorganising shop floors. Ensuring the health and safety of employees also involves **continuing to enable companies to devise flexible work schemes**, by **maintaining public support** to short-time work arrangements, high-level sick pay, and wage compensations to ensure that no employee is forced to go back to work in an unsafe environment.

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