

# Brexit on our Terms



## **Unite Strategy to Defend Manufacturing: Jobs, Investment and Employment Rights**

[www.unitetheunion.org](http://www.unitetheunion.org)



## Foreword:

### By Unite General Secretary, Len McCluskey

Manufacturing is the bedrock of the UK economy and Unite members are central to its success. From the automotive industry to aerospace, defence, energy, engineering, pharmaceuticals, chemicals, metals, steel, print media, papermaking, and digital technology, no trade union is better placed to be the voice of the millions of workers employed across the UK's manufacturing base.

At Unite's policy conference this year the Executive Council statement on the European Union was adopted (see appendix). The EC set out the importance of manufacturing in the post-Brexit world, as well as key demands from Unite: continued tariff free access to the Single Market; no triggering of Article 50 until we have a clear understanding of what will replace EU membership; a 'seat at the table' for trade unions who have a unique voice and understand the impact of Brexit on manufacturing and our economy; and no diminution of hard won employment rights.

Uncertainty is the greatest threat to our industries. Nobody knows how long Brexit negotiations will take or what the outcome will be. One thing is certain. Unite will defend our members and campaign for policies to protect jobs, pay and conditions. We know that some employers may seek to use Brexit as an excuse to reduce employment, move work out of the UK or attack employment rights, pay and conditions and blame leaving the EU for doing so. Unite will not let that happen - we will defend our members' jobs, pay, conditions and employment rights.

Unite is unique – we are the biggest manufacturing union in the UK and we also have a unique relationship with our fellow trade unionists and workers in the EU. Unite's elected workplace representatives represent members in some of the biggest manufacturing companies in the EU and the world, and collaborate with workers across borders through strategically important European Works Councils.

Our international reach is without parallel. Through our global union Workers Uniting we have strong links with the United Steelworkers, the largest manufacturing union in the USA and Canada. We have strategic relationships with unions in Germany, Belgium, France, Southern Europe and Scandinavia, who we look to for an invaluable insight into the many paths and problems post-Brexit Britain may face.

This document outlines dangers and problems our members working in UK manufacturing now face, the options we believe the government has and the policies Unite will campaign for in order to defend decent manufacturing jobs, employment rights and to secure a future for our members and their families.

On June 24th, 2016 the world changed, bringing uncertainty, so the task falls to Unite to make sure our members are defended and supported – not only to weather the storm, but to emerge stronger from it.



Len McCluskey  
Unite General Secretary  
October 2016



Len McCluskey

## **Contents:**

Introduction: Brexit on Our Terms

---

Impact on UK Manufacturing: 'Brexit' Doesn't Simply Mean 'Brexit'

---

Case Study One: The Impact of Brexit on the UK Automotive Industry

---

Case Study Two: The Impact on Scientific Research & Chemicals

---

Understanding Article 50: The Legal Position

---

Their Vision and Ours: Alternatives to EU Membership & New Trade Agreements

---

Norway and the EEA

---

Switzerland and the EFTA

---

Turkey: a Customs Union

---

The USA & Canada: NAFTA, TTIP & CETA

---

Case Study Three: CETA and the Trading Away of Canadian Manufacturing

---

Post-Brexit Manufacturing Strategy

---

Proactive Support for UK Manufacturing

---

A Strong Voice at Work and in Europe

---

Post Brexit: A Programme for Defending Manufacturing Jobs

---

European Works Councils and Social Dialogue

---

A Time to Unite: Fighting Racism with Solidarity

---

Conclusion

---

Appendix: Executive Council Statement: The European Union

---

# Introduction:

## Brexit on Our Terms

In 2016 representatives from across the Unite manufacturing sectors came together to form a Combine, a body focusing on the strategic policies needed to defend jobs across interdependent industries. The current steel crisis shows the importance of such a strategy.

These sectors include Aerospace and Shipbuilding; Automotive; General Engineering and Manufacturing; Graphical, Paper, Media and IT; Chemicals, Pharmaceuticals, Science; Metals and Steel; Energy; Railway Manufacturing, and Defence.

Unite is the collective voice of over 1.3 million working people, including half a million UK manufacturing workers. Our voice must be central to any Brexit negotiations.

Unite's elected workplace representatives sit on over 150 European Works Councils, a level of interaction and collaboration which is without parallel in the trade union movement. This experience, along with our links to trade unions across Europe and the world gives Unite a unique insight.

The UK is facing an uncertain future, with manufacturing recognised as being highly vulnerable to decisions made during any Brexit discussions. These include future trade agreements, tariffs, the triggering of Article 50 and the inability to influence future decisions made in the EU.

As a response the Unite Manufacturing Combine came together to discuss and agree the way forward for protecting members in UK manufacturing. The Combine sought the views and opinions from other key players across manufacturing, including academics and industry voices.

Unite found a great deal of common ground across UK manufacturing especially on the important issues we outline in this document. Paramount of which is the uncertainty caused by the government's lack of direction, which threatens jobs and future investment. To bring this uncertainty to a swift end, the voice of working people from across manufacturing must be heard.

This uncertainty has seen manufacturers' confidence drop. For example, engineering company Siemens has announced it will put new wind power investment plans in the UK on hold due to the uncertainty caused by Brexit. Juergen Maier, the firm's UK CEO, said that an existing blueprint to export offshore wind turbine machinery from Hull was "now up in the air".

Similarly, Nissan's CEO Carlos Ghosn has warned that companies will want to see the results of talks between Britain and the EU before making decisions about investment. "I don't think today you can talk about any impact before we see what the new status of the UK is," Ghosn said.

Unite has no confidence in the Conservative government's assembled 'Brexit team'. From David Davis to Liam Fox and Boris Johnson, all were prominent 'Leave' campaigners with wildly different priorities who have already begun squabbling as the enormity of the task in front of them looms.

Their referendum campaign promise that it would be 'business as usual' as countries form a queue to draw up new trade agreements, which would be vital to manufacturing, is proving to be unfounded.

Negotiating new trade agreements with the EU and other countries will be a long and arduous task creating yet more uncertainty for manufacturing companies, which in turn threatens new investment. While the government has added the words 'Industrial Strategy' to a Ministry doorplate, they still remain wedded to an economy based on the service sector and financial services. In their minds manufacturing is stuck at the back of the queue, compared to protecting the City of London.

Therefore it is important for Unite to set out our key priorities in regard to Brexit and manufacturing, to campaign for those priorities with politicians, employers and our own members, and to ensure that decent, well paid jobs are not negotiated away and the voice of Unite manufacturing workers is heard and listened to.

---

## Impact on UK Manufacturing: 'Brexit' Doesn't Simply Mean 'Brexit'

*"The biggest single deterrent to foreign investment is uncertainty."*<sup>1</sup>

**Professor Nigel Driffield**

Despite Prime Minister Theresa May's recent announcement that "Brexit means Brexit", the UK's withdrawal from full membership of the EU can take many forms, each with differing consequences for UK manufacturing and our members' jobs.

As Professor David Bailey, Professor of Industry at Aston University stated, "The least costly option is the closest deal we can get to the current arrangement, which means retaining access to the Single Market."<sup>2</sup> Alternative options being proposed in some quarters including so-called 'Hard Brexit' would prove devastating for manufacturing workers.

One of the most prominent 'Economists for Brexit' is Professor Patrick Minford, who as an economic adviser to Margaret Thatcher is responsible for thirty years of de-industrialisation. It is clear that Minford sees Brexit as a chance to finish the job.

Minford told a parliamentary committee: "It is perfectly true that if you remove protection of the sort that has been given particularly to the car industry and other manufacturing industries ... you are going to have to run it down. It will be in your interests to do it, just as in the same way we ran down the coal and steel industries."<sup>3</sup>

Writing in *The Sun* Minford went even further. "Over time, if we left the EU, it seems likely that we would mostly eliminate manufacturing." This even prompted Former Prime Minister David Cameron to call Minford's advice "disastrous."<sup>4</sup>

Minford is far from alone in this view. Liam Fox, the Secretary of State for International Trade is a known advocate for 'Hard Brexit', believing Britain should leave the EU entirely and negotiate a series of bilateral deals with other trading blocs, such as North America.

Uncertainty has already had an impact on manufacturing, with the start of a chilling effect on purchasing and investment<sup>5</sup>. The government must send a clear signal that UK manufacturing will be supported.

---

<sup>1</sup> Nigel Driffield, Michail Karoglou, *Brexit and foreign investment in the UK*, May 5 2016

<sup>2</sup> Professor David Bailey, Addressing Unite Manufacturing Combine, July 2016

<sup>3</sup> Patrick Minford, *The Future of the European Union: UK Government Policy*, Foreign Affairs Select Committee, 2012

<sup>4</sup> David Cameron, House of Commons, Hansard, 11 May 2016



## What is 'Hard Brexit'?

If the UK government invokes 'Article 50' but has not succeeded in negotiating a new trading relationship with the EU within two-years, it is expected that the rules of the World Trade Organisation (WTO) will come into effect<sup>6</sup>. This is described as 'Hard Brexit'.

## What would happen?

Under WTO rules trading tariffs could be imposed between the EU and UK. For example, for cars this could mean a 10% charge on exports to the EU and a 4% charge on imports to the UK<sup>7</sup>.

## What would this mean for UK manufacturing?

Tariffs would make trading with the EU far more expensive, causing an instant downturn for UK manufacturing. The long term impact would be crippling, leading to declining sales, less foreign investment and potential offshoring.

## Unite's View:

The UK government should not invoke Article 50 without having a clear negotiating position following consultation with industry and trade unions, which must seek to defend the interests of UK manufacturing. This must include continuing unrestricted access to the Single Market with zero tariffs and commitments to retaining and extending employment rights. This in turn must be part of a revived industrial and manufacturing strategy.

It is crucial that 'Hard Brexit', motivated by Tory right wing ideology and advocated by those who want to 'leave at any price' rather than the interests of the people and the economy, is avoided. British manufacturing must not be subject to trading barriers, such as costly tariffs, which threaten jobs and the UK's manufacturing sector.

## The View of UK Manufacturing:

As the UK's largest manufacturing trade union, Unite has positive relationships with some of the most important organisations in industry. Each has expressed their concerns about the uncertainty of 'Brexit' and the potential impact on manufacturing.

Manufacturing Body	Priority Concerns
Society of Motor Manufacturers & Traders (SMMT)	Securing tariff-free access to European and other global markets, ensuring we can recruit talent from the EU and the rest of the world and making the UK the most competitive place in Europe for automotive investment.
EEF: The Manufacturers' Organisation	Maintaining tariff free access to the EU market for goods and services; Ensuring regulatory stability; Continue to address the UK skills gap; Further focus on an integrated domestic policy to support investment, competitiveness and export performance.
Chemical Industries Association (CIA)	Securing access to the Single Market, access to skills, a secure supply chain, access to affordable energy and a policy framework that encourages scientific progress.
British Ceramic Federation (BCC)	Securing tariff free access to the Single Market, adequate UK trade defence instruments, secure and competitive energy with a long-term supportive policy & incentives to reduce CO2 emissions.
United Kingdom Petroleum Industry Association	Access to the Single Market. Minimising the period of uncertainty in order to maintain investor confidence and the consequent sustainability of our vital oil infrastructure.

<sup>5</sup> UK factory activity falls 'at fastest pace for three years,' BBC News, 1 August 2016

<sup>6</sup> Swati Dhingra and Thomas Sampson, *Life after Brexit: What are the UK's options outside the European Union?* London School of Economics, February 2016

<sup>7</sup> Gavin Thompson, Daniel Harari, *The economic impact of EU membership on the UK*, House of Commons Library, 17 September 2013

# Case Study One: The Impact of Brexit on the UK's Automotive Industry



*"Given both opportunities and risks arising from Brexit for UK auto, a better funded and more active industrial policy is now needed to boost competitiveness in the UK automotive sector and manufacturing."<sup>8</sup>*

**Professor David Bailey, Professor of Industry at Aston University**

The Automotive industry has been the major success story of British manufacturing, experiencing a renaissance since 2011 that defies three decades of deindustrialisation. The link with Europe has been central to this success. Of the 1.6 million vehicles produced in the UK 80% are exported and over 50% of these exports go to Europe.

Britain's production lines are highly globalised. The majority of employers with UK car assembly plants are international firms from American General Motors (Vauxhall) and Ford, to German Opel and BMW (Mini, Rolls-Royce), Japanese Nissan and Toyota, and Indian Tata Motors (Jaguar Land Rover.)

While the amount of vehicles assembled in the UK is set approach the 2 million mark by 2017, these vehicles are not manufactured in isolation. The automotive supply chain is an integrated, Europe-wide network, which benefits from border and tariff free access across the Single Market. So integrated is the British-European supply chain that in the German state of Bavaria alone 1,500 companies export automotive parts to the UK, a trade worth £13 billion in 2015<sup>9</sup>.

As Professor David Bailey, Aston University, states: "Automotive and engine assemblers like GM, BMW and Ford all import sizeable inflows of components to the UK from their other EU operations. Anything which puts these trading relationships at risk, whether currency risk or higher transactions costs from having to deal with EU and UK regulations separately, reduce the likelihood of further investment."

## **Uncertainty Threatens Investment:**

The greatest threat to the sector is the question mark which now hangs over Britain's trading status with Europe and the danger this uncertainty poses to investment. The EU is the largest source of inward investment in UK. In 2013, EU countries accounted for £453 billion worth of inward FDI, (foreign direct investment); that's 46% of the total.

This investment is incredibly sensitive to uncertainty. History shows the biggest hit to investment in the UK's modern history came in 1992, when Britain exited the Exchange Rate Mechanism, while the biggest boost resulted from the UK joining the Single Market.

This is because investment is reliant on market confidence. The Purchasing Managers Index (PMI), which tracks purchasing decisions, is the best method of showing the impact of 'Brexit' on confidence. Following the referendum result PMI experienced its biggest drop since 2009.

While production has not yet slowed,<sup>10</sup> this is simply because of the industry's cyclical pattern of lead times and new model launches. Production lines continue to turn out vehicles and components planned and commissioned before the referendum was even called.

<sup>8</sup> David Bailey, *What does Brexit mean for the UK's automotive industry?*, UK in a Changing Europe, 25 July 2016

<sup>9</sup> Philip Oltermann, *Why untangling UK industry from Europe may be impossible*, The Guardian, 21 July 2016

<sup>10</sup> *UK economy shrinks in July as activity falls after Brexit vote*, says Nies, The Guardian 09 August 2016



The danger facing automotive is that investment decisions for the launch of new vehicle models are made two to three years in advance and for many companies those decisions are set to be made in the middle of Brexit negotiations which are anticipated to last two-years.

	2017	2018	2019	2020	2021	2022	2023	2024
 Honda	Civic						Civic	
 Vauxhall		Countryman			Astra		MPV	
 Mini						Clubman	Mini	
 Toyota		Auris Avensis				Auris		
 Nissan	Leaf/ Juke	Note		Qashqai	Infinity Q30			
 Jaguar	XJ				F-Type	XF/XE	F-Pace	XJ/XJR
 Land Rover		Evoque	New Defender	Range Rover Sport		Discovery Sport		Evoque/ Discovery <sup>11</sup>

Image and data courtesy of PA Consulting

As the grid above shows, investment decisions have already been made for the production of new car models in 2017 and 2018, including the Nissan *Juke* and the Toyota *Auris*. However, the investment decisions for cars which will be manufactured after 2019 are yet to be made. This includes the Honda *Civic*, which will begin production in 2023, and the Range Rover *Sport* which will enter production in 2020.

Those investment decisions will be made in what looks to be at least a two-year window of uncertainty. Car makers will simply ask: Will the UK have access to the Single Market? Is investing in UK production worth the risk?

This risk is greater for 'mass market' producers who operate on low margins, low capacity, are reliant on exports and have new models at the planning stage. This is why PA Consulting<sup>12</sup> has named Nissan, Toyota and Vauxhall as the firms most at risk from Brexit.

This potential withdrawal of investment has already been raised by Nissan. While firms like Nissan will face challenges if the UK does not have the access to the Single Market, it's also true that manufacturers may try to use uncertainty as an excuse.

The UK industry's success rests in part on its productivity. The UK boasts 70% car plant utilisation, with many plants running 24 hour operations. This compares very favourably to European nations such as Italy, where utilisation lags at 50%. For example, Nissan's Sunderland car plant was the UK's most productive in 2015, building one-in-three of all new vehicles.<sup>13</sup> The risk is that firms with joint enterprises such as Nissan-Renault will try to take advantage of the spare capacity on the continent, especially if uncertainty can be used to justify it.

<sup>11</sup> Credit PA Consulting

<sup>12</sup> *The Impact of Brexit on the UK Automotive Sector*, PA Consulting

<sup>13</sup> *Nissan says Brexit deal will determine future UK plant investment*, Reuters, August 2016

## Does Brexit Boost Exports?

The devaluation of the pound following June 23rd has boosted exports, which helps to off-set the uncertainty. However this would be massively outweighed by restricted access to Europe in the long term.

While premium end manufactures who export outside of Europe, such as Jaguar Land Rover, are best placed to weather the impact of restricted access to the EU in terms of the impact on their bottom line, there are also political implications.

Manufactures have relied on the British government to be their advocate on the European stage, for example influencing EU directives on emissions. Were the UK to adopt the 'Norwegian Model', or any form of membership which doesn't give Britain political influence on laws and regulations, firms will look elsewhere.

Jaguar Land Rover, for example, has invested in new operations in Slovakia<sup>14</sup>. These operations may be increased if this becomes a more affordable route into both the Single Market and European political influence.

## The Need for an Industrial Strategy:

The government has to do more than just strike a new agreement with Europe. Along with the loss of funding for new car models, the EU also funds research into new technology such as autonomous driving and electric vehicles. The government must fill any gaps in lost funding, harnessing this new technology for new large scale infrastructure projects.

Such investment must form part of the government's commitment to a new industrial strategy, created in consultation with Unite and industry.



The UK can follow the examples of Norway and Germany, which have invested in the promotion and development of electric cars. While in Germany government subsidies made the vehicles affordable, in Norway government investment resulted in over 5,600 public charging stations<sup>15</sup>, making the country a leader in e-vehicles.

An industrial strategy should also incentivise new investment, while removing barriers to further re-shoring of the supply chain and vehicle assembly.

Tax options include boosting capital allowances, rather than cutting corporation tax, following the example of President Obama's '*Blueprint for U.S. manufacturing*' in 2012<sup>16</sup>.

Access to affordable energy is cited as a barrier to re-shoring and new investment, not only by automotive employers, but also by the British Ceramics Federation and the Chemical Industries Association. The UK has the most expensive electricity in Europe, mostly due to lack of capacity. Sweden and Germany have introduced energy compensation schemes which could overcome this barrier.

Similarly access to skills is a concern for all manufacturers. While skilled migration will remain politically contentious, this is a home grown problem which can be addressed through investment in training. The UK government could devolve investment in skills to city or regional levels, so gaps are plugged more effectively.

While the UK government grapples with the many incompatible demands and expectations raised by the referendum, the message from the automotive industry is unanimous. If forced to choose between access

<sup>14</sup> Jaguar Land Rover Confirms New Factory in Slovakia, December 2015

<sup>15</sup> Norway's electric vehicle revolution: Lessons for British Columbia, Pacific Institute for Climate Solutions

<sup>16</sup> *Blueprint for an America Built to Last*, The White House, 2012

to the Single Market or ending Freedom of Movement, the government must choose the former. Unite backs industry's call that access to the Single Market must be a government priority. The need for an industrial strategy and greater long-term support for automotive and wider manufacturing industries are addressed later in this document.

## Case Study Two: The Impact of Brexit on the Chemicals and Science Industries

The UK is a world leader in scientific research, particularly in the fields of materials, pharmaceuticals and chemicals. Each is vital to the future of manufacturing.

Collectively, the EU is the world leader in terms of its global share of scientific researchers (22.2%), ahead of China (19.1%) and the U.S. (16.7%)<sup>17</sup>. In turn there is no doubt that UK researchers have benefitted from close collaboration on continent wide-projects. Of the UK's international collaborations, 80% include an EU partner.



This is also true of EU funding. Approximately 10% of UK public funding for science came from the EU between 2007 and 2014. The UK has also won the most grants from the €80 billion EU Horizon 2020 program. However, future funding is already in jeopardy<sup>18</sup> and the situation of Switzerland shows the potential for a significant loss of funding<sup>19</sup>.

The loss of such funding would have a huge knock on impact on UK manufacturing if it is not replaced. Not only has Horizon 2020 funded research into existing industries such as the 'green car initiative',<sup>20</sup> it has contributed to new British success stories such as the discovery of graphene.

Graphene, an atom thick material which is 200 times stronger than steel, was first discovered in Manchester in 2004. This 'wonder material' is anticipated to be the centre of a new billion pound economy for North West England<sup>21</sup>. Its application will boost a range of the region's manufacturing industries, including aerospace when graphene-modified composites are incorporated into the wings of Airbus planes made in Broughton, Chester.

This research was supported by the EU Graphene Flagship, whose budget of €1 billion (£830 million) makes it Europe's biggest ever joint research project, with 150 groups across 23 countries. Brexit threatens to cut off this funding, meaning that the Manchester laboratory which first discovered graphene is now facing a £1 million shortfall of EU funding each year<sup>22</sup>.

While the manufacturing benefits of graphene are already apparent, a lack of funding or restricted access to collaborative research projects could have a chilling effect on thousands of other UK science projects; endangering research which could result in thousands of future jobs.

Chris Husbands, the Vice-Chancellor of Sheffield Hallam University told a House of Commons inquiry that his institution's academics have already been asked to withdraw from three collaborative projects funded by the EU's Horizon 2020 programme, "due to the perceived risk of having a UK partner on the project."<sup>23</sup>

<sup>17</sup> Unesco Science Report: Towards 2030, 2015

<sup>18</sup> Brexit Briefing: Scientists feel the effect, Financial Times, 9 Aug 2016

<sup>19</sup> Debunking the myths about British science after an EU exit, LSE, 2016

<sup>20</sup> Horizon 2020, Green Car Initiative

<sup>21</sup> Graphene City, Manchester University

<sup>22</sup> Josh Halliday, Manchester warns funding for 'wonder material' graphene at risk after Brexit, The Guardian

<sup>23</sup> Richard Van Noorden, Brexit Watch: U.K. Researchers Scramble to Save Science, Scientific American, July 2016

While the UK will remain a member of the EU for at least two years following the triggering of 'Article 50', it is clear that a similar chilling effect is already taking hold on international projects, leading to a number of scientists from the EU turning down positions to work in the UK<sup>24</sup>.

Such fears have led more than 1,600 scientists to pen a joint letter in *The Times* calling for the government to maintain access to EU funding and ensure the free movement of researchers. "If these are lost during EU renegotiations, we insist that the government puts equivalent UK-backed schemes in place," the authors say<sup>25</sup>.

*"In leaving the European Union we would stress three key priorities that must be secured – access to the single market; the availability of skilled people and the supply of competitive and secure energy."*

**Steve Elliott Chief Executive,  
Chemical Industries Association**

### **The Chemicals Industry:**

The impact on scientific research has major repercussions for the manufacturing industries where it is put into practise. This is especially true of the chemicals industry, which employs 600,000 people in the UK, both directly and indirectly.

The chemical and pharmaceutical industry is the UK's largest manufacturing export earner, contributing £200 billion every year into the UK economy<sup>26</sup>.

While the chemicals industry faces threats to EU funding and restricted access to the Single Market for exports, another question mark hangs over adherence to EU regulations.

This includes REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), a regulatory framework which monitors and controls the entrance of chemicals into the EU. If the UK finds itself outside of the EU and the European Economic Area where these regulations apply, chemical exporters will remain bound by rules they no longer have any influence over<sup>27</sup>.

UK companies have made more than 5,000 REACH registrations<sup>28</sup>. If REACH registrations are deactivated or had to be replaced following Brexit, the cost burden for regulatory compliance would double<sup>29</sup>.

Losing these regulations entirely would mean that potentially hazardous materials, which were banned under REACH, could be reintroduced to the UK. In another case of 'levelling down' standards, losing REACH may tempt the UK government into adopting the U.S. approach of banning potentially dangerous substances only once a problem has been identified, rather than mirroring the EU's precautionary principle of proving that a chemical is safe before selling it.

Mirroring the concerns of other industry bodies the Chemical Industries Association (CIA) has proposed three vital areas that the government must secure in the upcoming 'Brexit negotiations: Access to the Single Market; access to skills, and access to affordable energy.

### **Unite's View:**

It is imperative that the government acts to defend UK researchers' access to both European funding and collaborative projects. Scientific research with direct application to manufacturing, such as graphene, must be supported through investment and must be at the heart of a new integrated, long-term industrial strategy. The government must act with urgency to end the uncertainty over access to the Single Market and the role of existing EU regulations.

<sup>24</sup> Robbie Mckie, *Cancer, sea life, mental health: the UK research that will be hit by Brexit*, The Guardian, July 16

<sup>25</sup> Richard Van Noorden, *Brexit Watch: U.K. Researchers Scramble to Save Science*, Scientific American, July 2016

<sup>26</sup> Chemical Industries Association

<sup>27</sup> REACH after Brexit, *Croner*, 11 July 2016

<sup>28</sup> REACH, European Chemicals Agency

<sup>29</sup> Riku Rinta-Jouppi, *Will Brexit mean avoiding the burden of REACH?* Chemical Watch, May 2016

# Understanding Article 50: The Legal Position

Article 50 is constantly referred to when it comes to the practicalities of Brexit, but what is it and what are the implications of Article 50 for Unite and our response to the difficulties Brexit is creating for our members in manufacturing?

In simple terms, Article 50 is the formal mechanism that the UK has to trigger to leave the European Union. Contained within the Treaty on European Union (TEU), Article 50 provides that:

*'Any Member State may decide to withdraw from the Union in accordance with its own constitutional arrangements; A member state wishing to withdraw notifies the European Council and the European Council provides guidelines for negotiations which are then used as the basis for the negotiation of a withdrawal agreement.'*

*The withdrawal agreement shall be concluded between the European Council and the State; and TEU and the Treaty on the Functioning of the European Union cease to apply from the date of entry into force of the withdrawal agreement, or, failing that, two years after the notification (unless the European Council unanimously decides to extend this period).'*

It is crucial to recognise that there is no going back from Article 50; it is a one way street to exit from the European Union. Article 50 also means that, without unanimous approval from every other Member State of the EU, there is just two years from the triggering of Article 50 to negotiate all aspects of our future relationship with the EU.

If no agreement is reached, the UK simply stops being a member state and would be treated no differently than any other country around the world in terms of having no privileged relationship or access to the Single Market.

This could be disastrous for UK manufacturing and therefore it is clear to Unite that everything should be done to avoid triggering Article 50 until we have a clear understanding of what replacement trade arrangements will look like.

Unite believe that before Article 50 is triggered we must be clear about the nature of what will be contained within the withdrawal agreement.

Without knowing what our access to the Single Market will be, how European Employment law protections will continue to benefit UK workers, how European regulation will work for UK manufacturing and the thousands of other issues that must be determined, Article 50 must not be triggered.

Following the referendum result, a number of politicians and media commentators have claimed that Article 50 can be triggered by 'royal prerogative'; a legal mechanism allowing the government to end a treaty without parliamentary approval.

However, it is unclear if, legally, this is the case as there is simply no precedent to fall back on. Whatever the legal position Unite is clear that the importance of ensuring a negotiated withdrawal from the EU that does not ignore the critical interests of manufacturing and Unite members means that the Government should not trigger Article 50 without a clear mandate from Parliament.

*"We need to end the uncertainty. The triggering of Article 50 must be delayed until we have a clear vision and a vote in parliament. Anything else recklessly undermines the UK's future. The Tories must not be allowed to rush us out of the exit door and into the unknown."*

**Phil Entwistle, Executive Council member Aerospace and Shipbuilding, and Chair of the Unite Manufacturing Combine**



The 'once and for all' nature of Article 50 means that triggering it should be delayed for as long as necessary if there is to be any prospect of the UK either remaining a member of the European Union or prolonging departure to achieve the best terms of exit.

The European Commission takes the view that exit negotiations cannot begin until after Article 50 has been triggered. That is because the original treaty envisaged the European Council issuing guidelines for exit negotiation only after Article 50 notification has been given. However that is not a position that is so defined as to be impossible to change.

The UK must avoid the seemingly impossible position of not knowing the terms of the withdrawal agreement until after it has committed to them by triggering the article. This would seriously undermine the UK's negotiation position. The German government appears to reflect an understanding of this.

Triggering Article 50 without knowing any potential outcome would mean negotiating from a position of huge weakness. Our European partners know that the pressure will be on the UK to agree to terms within two years or face the worst possible scenario. Unite's bread and butter is negotiating and we would never allow ourselves to negotiate on behalf of our members from a position of such weakness.

Therefore Unite will campaign to ensure that Article 50 is not triggered until it is clear what is on offer in terms of the withdrawal agreement with the EU.

Unite will also campaign to ensure that any potential agreement contains the key issues necessary to protect UK manufacturing and UK manufacturing workers. Unite will not support any withdrawal agreement that does not meet these standards.

### **Unite's View:**

It is Unite's view that:

- a) The triggering of Article 50 should require a parliamentary vote;
- b) The unknown nature of the post-Brexit package means Article 50 should not be triggered until the UK has a clear understanding of what will replace EU membership;
- c) Any exercise of Article 50 without knowing the Brexit terms should be opposed for fear those terms could harm Unite members;
- d) There is nothing in the European Treaty to prevent b) and c) above.



Photo courtesy of BRUSH



# Their Vision and Ours: Alternatives to EU Membership & New Trade Agreements

If Article 50 is eventually invoked and Britain begins the process of exiting the European Union, the next question is: what should follow? The British economy will always be reliant on trading links with the continent. The form those links take will play a significant role in shaping our economy and society.

Several different models have been proposed to replace full membership of the European Union. These include the existing Norwegian and Swiss statuses of access to the Single Market through the European Economic Area and European Free Trade Area.

Alternatively the government could choose to focus efforts on negotiating bilateral trade deals with Canada or the United States. This would likely be similar to the CETA, TTIP or NAFTA trade deals currently being negotiated between those countries and the EU.

Unite has analysed these examples. We have drawn on the experience of our international sister trade unions to look at the problems each would bring if the voice of working people is not central to negotiations.

It is imperative that Britain's new relationship with the EU results in unrestricted access to the European Single Market for manufacturers. Any new free trade deal with either the EU or other trading blocs must contain tough trade defence mechanisms to prevent 'dumping' and prevent any levelling down of workers' rights, environmental protections or standards.

In many cases the problems facing us, from restrictions to procurement to offshoring and the 'dumping' of cheap goods, are exasperated while Britain's influence declines.

In the case of trade deals with large economies such as Canada or the United States, the balance of power coupled with the Tory government's desire to attack our standards of living would result in rapid declines to our working rights, terms and conditions, while raising new issues as standards for safety are dropped to U.S. levels.

The conclusion is clear. Without unions such as Unite to make sure that the voice of working people is central to the 'Brexit' negotiations, any deal a Tory government may strike will not be in our interests. That is why it is crucial that trade unions must be able to influence and scrutinise both the upcoming negotiations and any resulting trade deals.

*"Any new deal with the EU must have the interests of workers at its heart. We need a voice at the negotiating table to make sure our rights are protected and our jobs are defended. Unite is uniquely placed to be that voice for hundreds of thousands of manufacturing workers."*

**Raffiq Moosa, EWC Chair, Multi Packaging Solutions, Leicester**



# Norway and the European Economic Area (EEA)

- **Membership:** Norway has been a member of the European Economic Area (EEA), alongside Iceland and Liechtenstein since 1994.
- **Access to the Single Market?** Yes, but in return the country must accept Freedom of Movement (open borders with the EU) and abide by EU regulations and agreements.
- **Regulations:** Norwegian Parliament has endorsed 265 of 287 EU Agreements and over 1,000 regulations since 1994.

Many pundits have suggested that the 'Norwegian Model' sets a precedent for Britain. While not a full member of the European Union, Norway has been an associate member through the European Economic Area (EEA.) For this Norway must pay about 83% as much into the EU budget as the UK currently does<sup>30</sup>.

This gives Norway access to the Single Market, but in return the country must accept open borders with the EU and the free movement of people. Norway must also adopt EU regulations even though it does not have a seat at the table to influence them and lacks voting rights in Brussels.

In practice, even the Norwegian government were unclear of the extent of the country's regulation by Europe. A two-year review found that all 47 ministries and all 429 local municipalities worked on 'EU related matters' and had to adopt over 1,000 new regulations, covering all matters from vehicle standards to market regulation.

This associate membership status works for Norway because of the unusual political consensus between the political parties on the issue of Europe. As the government review states: *"No other state has since followed Norway's example. In practise, Norway's form of association with the EU has not been a model for others."*<sup>31</sup>

If the UK were to adopt the 'Norwegian Model' and join the EEA it is estimated that 93 of the 100 most important EU-based regulations would remain in place, costing £31.4 billion per year. Britain would have no ability to influence those regulations<sup>32</sup>.

Under the terms of the EEA the Norwegian state is unable to provide direct support for Norwegian manufacturing industries, which have been badly hit by the post-2008 recession. The EEA has blocked Norway from subsidising the ailing ship building industry and prompted the part privatisation of the country's state run oil company.

Unlike full EU Member states who may be able to influence or seek exceptions to such barriers, Norway must fully abide by these regulations while having no say over them. Were the UK to enter the EEA it would face the same barriers as Norway, giving the Tories an excuse to avoid subsidisation, procurement or nationalisation for strategic industries such as steel.

Norwegian trade unions are also campaigning against 'social dumping' which is when multinational employers, such as shipping companies, take advantage of European migration laws to temporarily move workers across borders, on lower wages and poorer conditions. This means that predatory employers are still able to exploit migrant labour, but Norway has no influence in Brussels to change EU-wide labour laws.

<sup>30</sup> Swati Dingra and Thomas Sampson, *Life after Brexit: What are the UK's options outside the European Union?* London School of Economics, February 2016

<sup>31</sup> Source: *Outside and Inside: Norway's Agreements with the European Union*, Official Norwegian Reports NOU 2012: 2 Chapter 1

<sup>32</sup> Stephen Booth, *What would a 'Norway-style' relationship with the EU entail?* Open Europe, October 2015

Unite works closely with The Norwegian United Federation of Trade Unions (Fellesforbundet), the country's largest private sector trade union, with members across manufacturing industries.

The experience of Fellesforbundet members shows that Freedom of Movement is an unbreakable condition of the 'Norwegian Option,' as is the acceptance of EU regulations the UK would have no ability to influence.

This is a view reflected by other Scandinavian countries. When interviewed on Newsnight, Swedish Prime Minister Stefan Löfven, who is also the former chairman of the IF Metall trade union, said:

*"If you want access to the Single Market you must also prove the Four Freedoms, there is no question about that. Free movement of people is still one of the pillars in the Four Freedoms."*<sup>33</sup>



*"Norway is a partner to the EEA agreement, which grants Norway full access to the EU Internal Market (Except for fish and agriculture). The agreement means that Norway has to adopt all directives which relate to the Internal Market and the freedom of movement for goods, services, capital and persons.*



*The Internal Market is an all or nothing choice. The flip side of the coin is that Norway does not participate in the decision making process and that we have to pay a substantial EEA fee.*

*For Fellesforbundet full access to the Internal Market is extremely important. Fellesforbundet has at several conventions stated that the EEA agreement is the cornerstone in our trade relations with the EU and that the agreement guarantees a level playing field for Norwegian industry in the Internal Market."*

**Jørn Eggum, President  
Fellesforbundet, Norway**

<sup>33</sup> Brexit: Freedom of movement 'pillar of EU', says Swedish PM - BBC Newsnight, 30 Jun 2016

# Switzerland and the European Free Trade Area (EFTA)

- **Membership:** Member of European Free Trade Area (EFTA)
- **Access to the Single Market?** Partial access through dozens of bilateral agreements.
- **Regulations:** Has to accept 'technical barriers' to the trade of goods, public procurement, agriculture, research, civil aviation and ground transportation.

*"Switzerland's position is somewhat complicated and based on a number of bilateral agreements. Some sectors of its economy are not covered. It's a kind of a-la-carte 'Swiss Cheese' approach."*

**Professor David Bailey**

Like Norway, Switzerland pays into the EU budget and gets access to the Single Market, but it must follow EU rules even though it has no influence over them<sup>34</sup>. Switzerland pays about 40% as much as the UK to be part of the Single Market in goods. But the Swiss have no agreement with the EU on free trade in services, an area where the UK is a major exporter<sup>35</sup>.

In 2014 Switzerland held a referendum on restricting immigration from EU countries. The result was a 50.33% vote to restrict immigration through a quota system. This immediately placed the Swiss government on a collision course with the European Commission.

Intentionally setting a precedent for the UK, the European Union has refused to negotiate any restriction to the 'Freedom of Movement,' making it clear that this is a non-negotiable condition of having access to the Single Market<sup>36</sup>.

## Turkey: a Customs Union with Europe

- **Membership:** The EU and Turkey have been linked by a Customs Union covering industry and manufacturing since 1995.
- **Access to the Single Market?** Partial access, but could be subject to tariffs.
- **Regulations:** Turkey is aligned to the body of European Union law and regulations, known as *Acquis communautaire*, despite not being a full member.

Turkey has a Customs Union with the European Union, a status shared only by San Marino and Andorra. As this relationship specifically covers industry it allows Turkish manufacturers partial access to the Single Market. This may make it look like an attractive prospect for Britain to follow. However, the Turkish model comes with severe limitations.

Turkey is forced to accept new laws made for the Customs Union by the EU<sup>37</sup>. For example Turkey is forced to apply the EU's external tariff on goods imported from outside the EU, despite having no say or influence over this tariff<sup>38</sup>.

<sup>34</sup> David Bailey, *What does Brexit mean for the UK's automotive industry?*, UK in a Changing Europe, 25 July 2016

<sup>35</sup> Swati Dhingra and Thomas Sampson, *Life after Brexit: What are the UK's options outside the European Union?* London School of Economics, February 2016

<sup>36</sup> Carmen Paun, Priti Patnaik, *Switzerland becomes Brexit casualty*, Politico, July 2016

<sup>37</sup> *Article 8, Turkey: Customs Unions and preferential arrangement*, European Commission, 22 December 1995

<sup>38</sup> *Five models for post-Brexit UK trade*, BBC, 27 June 2016

Turkey is also not allowed to enter into any other trade treaties with non-EU countries, without first consulting with the European Union. The EU has the power to annul its deal with Turkey if it is not consulted<sup>39</sup>.

---

## The USA & Canada: NAFTA, TTIP & CETA

Liam Fox, Britain's new International Trade Secretary is tasked with securing new Free Trade Deals which can replace or supplement the UK's new relationship with the European Union.

It is no coincidence that Liam Fox's first port of call has been the United States, announcing three new international trade offices in Minneapolis, Raleigh and San Diego, and addressing business forums in California.

Following his appointment Fox boasted of Britain's 'low regulation' economy and the prospect for further de-regulation enticing trade with American big business.

*"We need to see a reinvigoration of our transatlantic relationship," Fox wrote. "We have a low-regulation and low-taxation environment, which is only likely to improve outside the EU."*<sup>41</sup>

Fox has long cultivated deep links with the Neo-Conservative wing of the Republican Party and American big business. His 'charity', the Atlantic Bridge is financed by and fosters links with hedge funds and large American tobacco, pharmaceutical and oil companies<sup>42</sup>.

Before being struck off the Charity Commission, Fox's organisation worked to create a transatlantic network of politicians and business leaders who wished to see public services privatised and corporations operating 'free' of regulation<sup>43</sup>.

For Liam Fox and his supporters, Brexit is little more than an opportunity to take the axe to decades of business regulations, from workers' rights to environmental protections, drug and food standards.

This pivot towards the United States is an aspiration shared across the Conservative Party's Pro-Brexit wing. There are three models for trade deals which the Tories could use as a basis for a new bilateral deal. The first is the Transatlantic Trade and Investment Partnership (TTIP), which has been negotiated between the U.S. and EU since 2013.

TTIP seeks to create a free trade zone between all EU member states and the United States, in the process lowering standards down to U.S. levels. The deal gives U.S. multinationals near unrestricted access to the European market, creating an existential threat to public services.

The most controversial aspect of TTIP is the creation of an international tribunal known as Investor-state dispute settlement (ISDS), which allows U.S. multinationals to sue European governments. For example, if standards regulations favoured British, over American manufacturing a U.S. manufacturer could threaten to sue for compensation, effectively forcing the government to lower standards to U.S. levels.

Unless specific services are exempted, ISDS would prevent national governments from ever bringing privatised public services back into public ownership. This is why Unite supported the campaign to exempt the NHS from the trade deal, and why we join trade unions across the U.S. and Europe in opposing this deal.

---

<sup>39</sup> Article 56, Turkey: Customs Unions and preferential arrangement, European Commission, 22 December 1995

<sup>40</sup> UK government to open three new U.S. offices to boost trade, Reuters, July 2016

<sup>41</sup> Liam Fox, *New Priorities, New Vision*, 4 July 2016

<sup>42</sup> Stephen Newton, *The Lessons of Atlantic Bridge*, The Guardian, October 2011

<sup>43</sup> Jamie Doward, *Liam Fox's Atlantic Bridge linked top Tories and Tea Party activist*, The Guardian



As TTIP negotiations have currently stalled, one swifter alternative may be to include the UK in the existing North American Free Trade Agreement (NAFTA). U.S. Senator Tom Cotton (Republican, Arkansas), an influential figure in U.S. foreign policy has already suggested: *"In the wake of the Brexit vote, we should at least consider inviting Great Britain to join NAFTA."*<sup>44</sup>

This twenty-year old free trade deal between the U.S., Canada and Mexico set the precedent for deals such as TTIP by creating a free trade area across North America with devastating consequences for manufacturing and trade union rights<sup>45</sup>.

The agreement allowed U.S. firms to offshore manufacturing to Mexico, exploiting cheap labour while selling products back to the United States<sup>46</sup>. While offshoring resulted in over 845,000 job losses in U.S. manufacturing alone, the threat of offshoring was used to undercut the bargaining power of American workers, leading to attacks on trade unions and workers' rights.

NAFTA also reveals the danger of the secret tribunal known as ISDS. Since 1995 Canada has become the most sued developed country in the world, facing 35 of the 77 NAFTA investor-claims, to the tune of over \$200 million. In contrast the U.S. government has won 11 of its cases and never lost a NAFTA investor-state case or paid any compensation<sup>47</sup>. This shows the extreme danger of entering into a free trade deal which contains ISDS and a disproportionate power balance in favour of the United States.

---

## Canada: Comprehensive Economic and Trade Agreement (CETA)

Another option being suggested is described currently as the 'Canadian option' – this is based on CETA, a trade deal which has been negotiated between Canada and the European Union and is in the long process of being ratified by EU member states.

CETA also contains the ISDS tribunals, and as firms with operations in Canada will be covered by this deal, American corporations will have a 'back door' from which to sue European governments.

While, in contrast to NAFTA, CETA commits both the EU and Canada to upholding worker's rights, there are no sanctions if these rights are violated, making this provision worthless<sup>48</sup>.

**Unite's View:** Bilateral trade deals must include protections. It is clear that any bilateral trade deal the UK government enters into with the U.S., Canada or any other trading bloc must come with clear protections and exemptions.

- No Tariffs on UK manufacturing
- Tough Trade Defence Mechanisms to prevent 'dumping' of substandard goods (i.e, Chinese steel)
- No 'ISDS' secret courts that gift power to corporations over elected governments
- Enshrined worker's right, to International Labour Organization standards, with enforceable sanctions

---

<sup>44</sup> Tom Cotton, Aspen Ideas Festival, July 2016

<sup>45</sup> *NAFTA's 20-Year Legacy and the Fate of the Trans-Pacific Partnership*, Public Citizen's Global Trade Watch, 2014

<sup>46</sup> Dean Baker, *Nafta Lowered Wages, as It Was Supposed to Do*, New York Times, December 2015

<sup>47</sup> Cases Filed Against the Government of Canada, NAFTA – Chapter 11 – Investment, June 2016

<sup>48</sup> CETA Briefing, TUC, October 2015



## Case Study Three: CETA and the Trading Away of Canadian Manufacturing

*"In Canada we have 30 years of experience with so called trade agreements like the CETA – and we have lost hundreds of thousands of manufacturing jobs. Agreements like CETA provide all the rights and power to investors and corporations at the expense of governments and public services. This means that investment and jobs go to the lowest cost jurisdiction, and domestic governments are powerless to develop a meaningful domestic manufacturing strategy."*

**Ken Neumann, United Steelworkers, National Director for Canada**



Through the global union, Workers Uniting, Unite works closely with the United Steelworkers (USW). The experience of Canadian trade unionists opposing the CETA trade deal is illustrative of the problems UK workers would face from a similar free trade agreement with the European Union or the North American countries covered by NAFTA.

Like the UK, Canada has a significant trade deficit with the European Union, importing more manufactured goods than it exports. For Canada, the trade deficit stands at \$20 billion. In 2013, Canada imported \$1.6 worth of goods from the EU for every \$1 in goods it exports. Manufacturing industries accounted for only 56% of exports, down from 81% in 1993<sup>49</sup>.

For Britain the trade deficit with the EU stood at £61.6 billion (\$105 billion) in 2015<sup>50</sup>. While Canada and the UK differ in their industrial strengths, both represent 'junior partners' in any deals with trade blocs such as the EU or the U.S.

For the Canadian automotive industry the picture is even more lopsided. Vehicles are second only to pharmaceuticals in terms of imports from the EU. Canada imports \$5.6 billion worth of automotive products from the EU, but exports back only \$252 million, mostly in parts<sup>51</sup>.

The Canadian automotive industry, which is still recovering from the financial crisis, has focused on its large internal market and its trading relationship to the U.S., rather than exports. However, CETA is set to allow European manufacturers to take advantage of this gap, making the current trade deficit a permanent fixture.

By removing trade barriers and tariffs which have supported the industry, the Canadian government has given European-made vehicles a 6.1% price advantage over domestic producers. Jim Stanford, economist at Canadian trade union Unifor said: *"This [CETA] represents the first time that Canada has made this commitment in the strategically important auto sector with any major auto producer outside of North America."*

By signing CETA the Canadian government is giving European manufacturers a competitive advantage over domestic producers, effectively locking Canada into the current trade pattern. In return the CETA makes the country more reliant on exports of extractive industries such as mining, oil and gas.

This is no coincidence. Through extensive lobbying the mining industry had a strong relationship with the Conservative government which initiated and formally presented CETA, having previously created trade deals with Peru and Mongolia expressly to advance mining interests<sup>52</sup>.

<sup>49</sup> Scott Sinclair, Stuart Trew and Hadrian Mertins-Kirkwood, *Sense of the CETA An Analysis of the Final Text of the Canada-European Union Comprehensive Economic and Trade Agreement*, Canadian Centre for Policy Alternatives, 2014

<sup>50</sup> UK trade deficit widens, as think-tank warns of possible recession, Guardian, 9 August 2016

<sup>51</sup> Jim Stanford, *CETA and Canada's Auto Industry: Making a Bad Situation Worse*, Canadian Centre for Policy Alternatives, 2014

<sup>52</sup> Canada-Mongolia Foreign Investment Promotion and Protection Agreement (FIPA) Negotiations, Global Affairs Canada

Through CETA, the government are trading the interests of the extraction industry over manufacturing, a bargain which will cost Canada 150,000 jobs. This sets a worrying precedent for the UK, where the government may seek to strike a similar 'devils bargain' by trading the interests of its close ally, the City of London against manufacturing.

For example, ceding to City demands for 'passporting rights'<sup>53</sup> for London's financial products into the European Market in exchange for tariffs or other restrictions on manufacturing.

In the case of CETA, the Canadian government is also signing away its ability to support manufacturing in the long term, such as investment through public sector procurement.

The annual Canadian budget for public sector procurement stands at \$200 billion. Unlike the UK, Canada has proactively used this money to develop and support high-value manufacturing across the country — from the Bombardier passenger car facility in Thunder Bay, Ontario, to bus factories in Manitoba and Québec.<sup>54</sup>

CETA forces the Canadian government to abandon this policy tool, a first for an international trade deal. Public bodies, such as councils, will be prevented from requiring a percentage of goods or services they purchase to have local content or local training requirements or from otherwise using public procurement for local development objectives.

As Scott Sinclair, Canadian Centre for Policy Alternatives, states: "*On procurement, Canada made unilateral concessions to the EU that will mostly affect municipal governments and other provincial entities previously excluded from trade deals.*"

Unite is of the view that any new bilateral free trade deal that the UK seeks to strike with either the EU or other trade blocs must not follow the pattern set by CETA and TTIP. The manufacturing industries are vital to the long-term economic prosperity of the UK, yet CETA shows how quickly the future of thousands of workers can be traded by a Conservative government in exchange for benefits to a preferred industry.

In consultation with Unite as the strongest collective voice of manufacturing workers, the UK government must commit to protecting manufacturing in any new trade deal. The government must retain all options for supporting manufacturing industries, such as public sector procurement and direct investment.



Photo courtesy of Siemens

<sup>53</sup> *Banks on edge over UK passporting options*, Reuters, 29 June 2016

<sup>54</sup> Scott Sinclair, Stuart Trew and Hadrian Mertins-Kirkwood, *Sense of the CETA An Analysis of the Final Text of the Canada-European Union Comprehensive Economic and Trade Agreement*, Canadian Centre for Policy Alternatives, 2014.

# Post-Brexit Strategy for UK Manufacturing

*“What sort of country do we want to live in? An American-style, deregulated economy, or an economy based on highly skilled jobs, high productivity, and high levels of investment?”*

Professor David Bailey

As the UK government prepares to negotiate Brexit, levels of uncertainty will only increase unless a clear vision is outlined. It is not enough for the government to defend the status quo; a vision for a post-Brexit UK must reverse 30-years of de-industrialisation.

To achieve this, a long-term strategy for manufacturing is needed in which the government deploys every tool at its disposal.

This must include direct investments, such as strategic use of the £200 billion public sector procurement budget. Investment and incentives for the training of skilled apprenticeships would not only benefit existing manufacturers and the supply chain, it would remove a vital barrier to re-shoring. The UK government must also retain the right to directly intervene in the defence of strategic industries.

This is an ‘industrial tool kit’ that taken together is the basis for a long term, integrated strategy to defend and support UK manufacturing

The government must begin by reviving the positive industrial policies scrapped by previous Secretary of State Sajid Javid in 2015. The Business Growth Service, which includes the Manufacturing Advisory Service and the Growth Accelerator program assisted more than 28,000 businesses and helped SMEs raise more than £155 million in finance. BGS had added £4.8 billion of gross value added and created 110,000 jobs.<sup>55</sup>

The government must recommit to an industrial strategy which supports manufacturing. This must include the reinstatement of the Business Growth Service and the Manufacturing Advisory Service.

The Government under Theresa May must mean what it says and develop a long-term strategy for manufacturing, created in partnership with the trade unions and industry. It must be headed by a new Minister of Labour and by a Minister for Manufacturing.

---

## Proactive Support for UK Manufacturing: An Industrial Toolkit

### Public Procurement:

The UK’s public procurement budget is worth £200 Billion, accounting for 33% of total public spending.<sup>56</sup> This should be used to create a stable, internal market.

As Unite research has proven, supporting manufacturing through targeted procurement results in clear social value, creating jobs, sustaining industry and reviving communities.

The government must expand the 2013 Social Value Act, to include goods as well as services. Instruction should be given to public bodies to secure best value contracts, which include ‘social value’ as a determining factor.

---

<sup>55</sup> David Bailey, *Government needs to rethink decision to scrap MAS*, Birmingham Post, January 2016

<sup>56</sup> Public Procurement, House of Commons Library, July 2015

In the case of the automotive industry, over 74% of vehicles brought by the public sector are not made in the UK. By expanding the Social Value Act, public bodies from local council to NHS trusts would be encouraged to procure vehicles from UK manufacturers.

Similarly an integrated industrial strategy must see the UK's strategic industries, such as steel or train manufacturing, included in large infrastructure projects such as HS2, Hinkley Point, and CrossRail 2.

*"Investment relies on certainty, something in very short supply at the moment. The government must invest in new infrastructure projects to restore certainty and defend manufacturing jobs.*

*Projects like HS2 and CrossRail 2 must be just the start of a long term and integrated industrial strategy that uses all the tools at the government's disposal."*

**Martin Jones**  
Arriva North East, Durham

## Defending Our Strategic Industries

It must be a right of any UK government to intervene in the defence of a strategic industry or economic asset if necessary. Lacking the political will to intervene, the UK government has time and again used EU treaties and directives, such as the Treaty on the Functioning of the European Union (TFEU), as an excuse to providing direct support.

Where the political will exists, other European governments have acted to defend strategic industries. For example, in Italy the state cited EU environmental concerns in order to nationalise the Ilva steel mill in Taranto.<sup>57</sup> In Belgium the government provided €211 million in direct aid to the Duferco steel mills in Wallonia.<sup>58</sup>

The government must not only retain its sovereign right to directly support and defend industry and UK manufacturing; it must exert the political will to do so. This must not be bartered away in negotiations for access to the Single Market or in any Free Trade Deal.

As members of the European Economic Area (EEA) and the European Free Trade Area (EFTA), Norway and Switzerland face the same restrictions as full EU member states on directly supporting industry but without the influence to negotiate exceptions. The government must ensure the ability to intervene is safeguarded if the UK enters either trading bloc.

### Direct Investment:

The government must abandon the failed politics of austerity with direct investment in UK industry and infrastructure. Such investment should replace any lost EU funding while stimulating demand for manufacturing.

The UK can officially reject the failed policy of holding the country's deficit under 3%, as enshrined in the EU's Stability and Growth Pact (SGP). The UK must exit the SGP, which forbids budget deficit, and work with industry and trade unions to identify opportunities for new investment.

As mentioned in the two industry case studies, the European Union has also been a source of funding. This includes support for scientific research, investment from the private sector and grants from regional development funds.

For example, Sunderland's Nissan plant received £189 million (€220) from the European Investment Bank in 2011 for production of the Nissan Leaf and electric batteries.<sup>59</sup> The wider region has also benefitted, receiving a total of £595.6 million for investment in jobs and infrastructure.<sup>60</sup> Similarly the North West region received £755.5 million<sup>61</sup> from the European Regional Development Fund (ERDF), channelled through the North West Regional Development Agency (NWDA).

<sup>57</sup> *Italian government steps in to save Ilva steel plant*, BBC News

<sup>58</sup> *Tata Steel*, The Economist, April 2016

<sup>59</sup> *Sunderland's Nissan Leaf production gets £189m boost*, BBC News, November 2011

<sup>60</sup> Jonathan Walker, *What has the European Union ever done for us in the North East?* Sunderland Chronicle, June 2017

<sup>61</sup> 2007 to 2013 ERDF programmes and resources, Department for Communities and Local Government

Regional funding has also flowed into deindustrialised regions from the European Social Fund (ESF). The South Wales town of Ebbw Vale, once home to the largest steel works in Europe, has received £350 million for regeneration, a further £33.5 million for 29,000 Welsh apprenticeships and £111 million for railway lines, roads and other infrastructure projects.<sup>62</sup>

While rejecting the policies of austerity, the UK government must also ensure that funding which provides a vital lifeline for regions ravaged by deindustrialisation is maintained or directly replaced.

### **Skills & Training:**

Britain's highly skilled workforce is often cited as a reason for manufacturing to locate or re-shore operations in the UK. However, lack of high skilled labour from underinvestment in apprenticeships or skilled migration is identified as barrier to long-term investment.<sup>63</sup>

The government must plug the skills gap by increasing investment in apprenticeship schemes.

The example of Germany should be emulated, where firms such as BMW and Volkswagen are incentivised to train more apprentices than they need so young, skilled workers can be released to jobs throughout the supply chain.

### **Re-Shoring: Developing UK Manufacturing**

Bringing manufacturing back to the UK must be a priority for any long term industrial strategy. The 'localisation of production' not only retains and develops UK capacity; it could reduce the UK's trade deficit by a third while increasing manufacturing employment by 100,000–200,000 over the next 10 years.<sup>64</sup>

Unite has worked with manufacturers, such as Jaguar Land Rover (JLR) in the Automotive industry, on the issue of re-shoring. Since 2012 JLR has committed to spending an additional £1 billion in UK supplier contracts<sup>65</sup>, and as a result the level of UK-manufactured parts for the firm's vehicles is now as high as it had been before the UK automotive industry went into decline in the 1980's.<sup>66</sup>

It is clear that there is great potential for further re-shoring, which will lessen the potential impact of Brexit. For example, Ford was one of the first car manufactures to threaten job cuts following the referendum result.<sup>67</sup> Ford manufactures components in the UK; however, vehicles are assembled in Cologne, Rhine-Westphalia, and the company fears the impact of tariffs.

While the Ford Fiesta is manufactured in Cologne, it is the bestselling car in the UK, with 7,990 registered in July, and 71,823 since the start of the year.<sup>68</sup> It is clear that even in the worst case scenario, it would make financial sense for Ford to follow its old maxim and build their cars where they sell them.

To achieve this, the government must remove potential barriers to re-shoring which have been identified to include; energy and raw material costs, access to finance, and a skills gap which can be addressed via investment in apprentices.<sup>69</sup>

The removal of barriers to re-shoring through investment in a highly skilled workforce, energy incentives and other forms of support must be a central part of a new industrial strategy. A proactive, integrated and long-term strategy which involves the voice of workers is the only way to safeguard UK manufacturing following Brexit.

The government must utterly reject the 'race to the bottom' approach of attacking wages, terms and conditions under the guise of making Britain competitive; a self-defeating strategy advanced by figures such as Patrick Minford and Liam Fox.

---

<sup>62</sup> Carole Cadwalladr, *View from Wales: town showered with EU cash votes to leave EU*, The Guardian, June 2016

<sup>63</sup> David Bailey and Lisa De Propris, *Manufacturing reshoring and its limits: the UK automotive case*, Cambridge Journal of Regions, Economy and Society, 2014

<sup>64</sup> *Making at Home, Owning Aboard: A strategic outlook for the UK's Mid-Sized Manufactures*, Lloyds Banking Group, RSA, 2013

<sup>65</sup> *Jaguar Land Rover success provides UK supply with 300 new jobs*, The Manufacturer, May 2012

<sup>66</sup> *Jaguar Land Rover buying more parts within UK than ever before*, Birmingham Post, June 2014

<sup>67</sup> Peter Campbell, *Ford considers UK job cuts after Brexit vote as carmakers eye future*, Financial Times, 24 June 2016

<sup>68</sup> *Growth slows in July 2016 UK car market, Ford Fiesta still best-selling car*, Autocar, 4 August 2016



## Trade Defence Mechanisms:

The European Union has a series of trade defence mechanisms in place which regulate imports and exports, and prevent unfair trading practises. It is vital that the UK seeks to retain those that remain useful.

The most important of which is anti-dumping regulation. This seeks to prevent substandard goods being sold for a lower price than the point of production in order to artificially undercut manufacturers in the importing market. For example, the dumping of cheap Chinese steel has had a devastating impact on the UK steel industry.

Strong anti-dumping protections are vital for UK manufacturers, ranging from steel production to tyres, ceramics, chemicals and consumer goods. Such protection defends jobs and manufacturing standards.

## No ISDS 'Secret Courts' In Trade Agreements

The UK government must not enter into a bilateral trade deal which contains ISDS or similarly secretive tribunals which give power to corporations over democratic governments.

The example of NAFTA shows the danger that these tribunals pose. After signing the deal Canada became the most sued developed nation on earth. The constant threat of legal challenges seriously undermines a government's right to govern, resulting in a chilling effect. NAFTA forced the Canadian government to adopt such a cautious approach to legislation that all new laws and any changes to existing laws are now vetted by trade experts to ensure they are not challengeable under ISDS rules.<sup>70</sup>

Both TTIP and CETA are opposed by trade unions for containing ISDS tribunals and it is vital that any new trade deal does not follow suit. Any legitimate grievances between investors and national governments must be held in open court, with the right to due process and appeal. Trade deals must not become a vehicle for corporations to hold power over democratic governments.





# Defending Workers' Rights

To avoid any levelling down of workers' rights, any new bilateral trade deals must, as a minimum, adhere to the International Labour Organisation (ILO) conventions. Unlike CETA, any new trade deals must contain sanctions if workers' rights are violated.

Unite demands the retention of hard won EU wide employment rights and a level playing field with the EU.

A number of employers' organisations, including the Chemical Industries Association and the EEF, support this demand and propose 'grandfathering' all existing EU laws and regulations following the UK's withdrawal. This would guarantee the retention of protections wholly or partially underpinned by European legislation.

Unite has identified the following workers' rights, currently underpinned or supported by EU legislation, which must be upheld in any new trade deal or trading arrangement.

- The Working time directive, which ends the 'long hours culture' by limiting the working week and guaranteeing 11 hours of rest in 24-hour period
- 20 days paid holiday at average pay as a minimum (excluding Bank Holidays)
- Equal pay
- Anti-discrimination rights
- Health and safety protection
- Maternity and parental leave, Time off work for urgent family reasons
- Information and consultation rights
- Equal treatment for part time, fixed term and agency workers
- Transfer of Undertakings Protection of Employment (TUPE)
- Right to written terms and conditions.

This is not an exhaustive list. Faced with the most restrictive anti-union laws in Western Europe, the retention of the protections listed above must be a red line in any negotiation.

Unite demands further rights to protect and enhance the position of UK workers. These must include:

- Scrapping the 2016 Trade Union Act
- Guarantees that protect the right of workers to organise into trade unions and the right to collective bargaining, including sectoral and national bargaining, and the right to strike.

## European Works Councils and Social Dialogue:

EWCs bring together workers from different European countries in which a multinational company has operations. It brings workers' representatives together to be informed and consulted by employers.

Unite workplace reps in manufacturing sit on more European Works Councils (EWCs) than any other UK trade union. The result is an unparalleled level of co-operation across the globalised workforce.

Current EU regulations underpin the right of the workforce to organise a European Works Council if the company operates across two EU member states. It is vital the government safeguards regulation which underpins our members' right to be elected to and participate fully on EWCs.

Similarly in some industries where Unite is represented there is Social Dialogue between employers and unions. This includes: Metal, Steel, Printing, Paper, Shipbuilding, Textile and Clothing, and Chemical industries. In each of these industries Unite members are represented by industriAll, the Europe-wide confederation of manufacturing trade unions.

The regulations underpinning these initiatives must be retained and UK industries, companies and unions must continue to represent UK workers on these bodies. The UK cannot afford to be outside of EU-wide Social Dialogue - it would be damaging to the interests of Unite's members in manufacturing.

*"Shipbuilding employs some 500,000 workers across 300 European ship yards. Through IndustriALL, Unite works with our sister trade unions to make sure these members have a voice on the continental and global stages. Social Dialogue is a big part of that. It provides a strong legal framework which forces employers to come to the table and discuss, consult and negotiate with us directly."*

**Ian Waddell, Unite National Officer, Aerospace & Shipbuilding**



# Post Brexit: A Programme for Defending UK Manufacturing Jobs, Investment and Employment Rights

- **We Won't Pay for 'Brexit':** Defending Jobs: Exiting the European Union must not result in a renewed attack on British manufacturing.
- **Article 50:** The government must not rush to invoke 'Article 50' before a clear British negotiating position has a mandate from the people with a vote in parliament
- **The Single Market:** Access to the European Single Market is an absolute necessity and must be a non-negotiable red line throughout the negotiations.
- **A Seat at the Table for Workers:** As the collective voice of millions of working people, Unite has a unique voice which must be central to the negotiations for exit.

1) **We Won't Pay for 'Brexit':** *Defending Jobs: Exiting the European Union must not result in a renewed attack on British manufacturing.*

The defence of Unite members' jobs and our hard fought for terms and conditions remains the primary focus of Unite. Unite will resist any attempt by employers to use Brexit as a reason to attack our members jobs, pay and conditions and we will resist any renewed Thatcherite assault on British manufacturing. The UK government must take the following actions:

- **Protect Workers' Rights:** 'Brexit' negotiations must include retention of employment rights which are underpinned by EU legislation and case law. These include rights defending working time regulation; paid holidays, maternity and parental leave, and equal pay. This must also include the right for UK workers to participate in European Works Councils.
- **Abandon Austerity:** Since 2008 over half a million jobs have been axed across our public services, the result of these failed austerity policies have led to many thousand more job losses in the private sector. The government must now abandon the politics of austerity in favour of direct investment in industry and manufacturing.
- **Support Infrastructure:** The government must proceed with large scale infrastructure projects to create jobs, including Heathrow airport expansion, High Speed 2 (HS2) railway and Hinkley Point C power station.
- **Invest in Procurement:** The government can end the uncertainty caused by the referendum and bring stability to manufacturing by creating a strong, stable internal market supported by public sector procurement.

Procurement must be part of a government 'toolkit' to support manufacturing industries such as steel and automotive. Such a tool kit must include investment, subsidisation, tax credits, support for the training of apprentices and nationalisation where necessary.

2) **Article 50:** *The government must not rush to invoke 'Article 50' before a clear British negotiating position has a mandate from the people.*

The legal mechanism to formally begin Britain's withdraw from the European Union is known as Article 50 and comes from the Treaty of Lisbon (2013). Invoking Article 50 will trigger a two-year timetable, in which time Britain must negotiate the terms of exit.

It is vital that the UK government does not rush to invoke Article 50. The impact of the uncertainty caused by the June referendum has already damaged British manufacturing, and this uncertainty will only be ratcheted up if Article 50 is invoked without a clear plan for the negotiations which will follow.

The government must outline a clear negotiation position, transparent and open to democratic scrutiny by opposition parties and trade unions, before triggering Article 50.

Unite's legal understanding is that a mandate from the people must be sought before Article 50 can be triggered and that this must include a vote in the House of Commons and be followed by a Parliamentary Act.

**3) Access to the Single Market:** Access to the European Single Market is an absolute necessity and must be a non-negotiable red line throughout the negotiations.

It is clear that the main reason manufacturing employers, from Airbus to Jaguar Land Rover, supported remaining within the European Union was to ensure continued access to the Single Market.

The government must make access to the Single Market, worth £229 billion to British manufacturing in terms of exports<sup>71</sup>, a central demand throughout the negotiating period. A system of import or export tariffs would prove damaging to manufacturing threatening jobs and a spiralling cost of living.

*"Access to the Single Market is an absolute red line. Tariffs would be hugely damaging for our exporting industries, putting thousands of jobs at risk. We must not allow the government to sacrifice this access and the jobs that rely on it for their own sordid political ends."*

**Trish Ford, Senior Rep, Toyota,  
and Vice-Chair, Unite Manufacturing Combine**

Similarly, Unite will not accept any attempt to pit workers in different industries against each other. The ability of British manufactures to access the Single Market must not be traded-off to secure so-called 'passporting' rights for the City of London. All aspects of the economy benefit from continued, guaranteed access to the 500 million consumers across the Single Market.

**4) A Voice at the Table for Workers:** No negotiation on Britain's withdrawal has a mandate if it excludes the voice of working people, uniquely represented by Unite.

As the collective voice of over 1.3 million working people, including hundreds of thousands of workers across UK manufacturing, Unite has a unique voice which must be central to the exit negotiations.

Unite's elected workplace representatives sit on over 150 European Works Councils, a level of interaction and collaboration which is without parallel in the trade union movement. This experience, along with relationships with trade unions across Europe gives Unite a unique insight.

Unite has no confidence in the Conservative government. Foreign Secretary Boris Johnson and International Trade Minister Liam Fox played deeply duplicitous roles in the referendum. It is inconvincible that they will now seek to negotiate a deal in the interests of working people.

Working people must choose our own path out of this crisis. It is Unite's belief that a true 'Workers' Brexit' would only be possible if negotiations are led by a Labour government, conducted in partnership with the trade unions and civil society.

---

<sup>71</sup> United Kingdom Balance of Payments, The Pink Book, Office of National Statistics

However, if a general election is not called before negotiations begin, it is vital that the government must actively consult the trade unions in the lead up to and throughout the negotiations. Any final deal must be open to scrutiny and full democratic accountability.

## A Time to Unite: Fighting Racism with Solidarity

Statement by Trish Ford, Senior Rep, Toyota  
Vice-Chair, Unite Manufacturing Combine

It is a guiding principle of our movement that an injury to one is an injury to all. This means that Unite is committed to opposing any instance of racism, prejudice or sectarian division in our workplaces and across wider society.

Throughout the June referendum right-wing politicians in the Tory party and UKIP, allied with their friends in the media, did all they could to sow division and distrust.

Opinions were strongly held, debate was heated and deep divisions in our society were exposed. This was especially true of the issue of immigration.

As trade unionists we must not, to coin a phrase, allow Britain's withdrawal from the European Union to usher in a 'carnival of reaction.' We cannot allow fear and division to take root.

It is a priority of our union not only to defend our members' jobs, but to defend their safety. Unite will continue to defend EU nationals and other migrant workers who live and work in the UK. We support their right to remain.

From the undercutting of wages to shortages of council houses, the problems blamed on immigration are the responsibility of predatory employers and a government taking the axe to our public services. That is where we must focus our energies.

As a trade union, Unite's response is that a rising tide lifts all boats. Working to end the extreme exploitation of migrant workers benefits all of our members.

As Britain prepares to withdraw from the European Union, the resulting uncertainty will once again give way to fear. It is our role, as workplace representatives and shop stewards, to take a lead and make sure that solidarity triumphs over division.





## Conclusion:

The vote to leave the European Union in June 2016 was undoubtedly momentous. As this document shows the impact on manufacturing workers and UK industries cannot be understated. During the research undertaken for this document Unite spoke to our own members, union workplace representatives and others in manufacturing.

There was a surprising convergence of views on the key issues of continuing tariff free access to the Single Market, without barriers to investment; the need to have a clear understanding and a proper debate of what could replace membership of the EU and EU trading agreements before the government triggers Article 50; the need for unions and workers to have our say and shape future negotiations; to defend hard won employment rights; to ensure UK manufacturing continues to receive ongoing investment in products and skills and to develop a robust industrial strategy.

However, the Government does not appear to have any strategy to answer these key issues apart from platitudes such as 'Brexit means Brexit' or 'Leave means Leave'. The leading ministers supposed to be negotiating Brexit make statements which are contradictory and the Prime Minister says she alone will decide when to trigger the process to leave the EU - seemingly without any thought to the damage which could be done to manufacturing and jobs by a lack of a clear vision for what replaces EU membership.

This document sets out the views of Unite in the manufacturing sectors and highlights the key issues we face. Unite believes it not only adds to the debate, but also sets out proposals and policies that will ensure UK manufacturing and skilled jobs are protected in the long term.

Unite welcomes debate on Brexit and we welcome the comments of not only Unite members and reps, but also industry and politicians.

This document will be available to download on the Unite website at [www.unitetheunion.org](http://www.unitetheunion.org) and hard copies can be obtained by emailing Denise Sheriffs at: [Denise.sherriffs@unitetheunion.org](mailto:Denise.sherriffs@unitetheunion.org)

Comments on the document are welcome and can be sent to Ben Norman at: [Ben.norman@uniontheunion.org](mailto:Ben.norman@uniontheunion.org)

Tony Burke  
Unite Assistant General Secretary for Manufacturing

*The Manufacturing Combine would like to thank the following people and organisations who assisted in developing this strategy.*

Professor David Bailey, Professor of Industry at Aston University; Unite Legal Director Howard Beckett; Unite Research Department; Unite International Department; Unite Organising Department; United Steelworkers (USW) in USA and Canada; Fellesforbundet, trade union, Norway; Trade Union Congress (TUC); Engineering Employers Federation; Society of Motor Manufacturers and Traders; Chemical Industries Association; Aerospace, Defence, Security and Space; UK Petroleum Industries Association; British Ceramic Confederation

---

# Appendix: Executive Council Statement: The European Union

Unite campaigned strongly for Britain to stay in the EU as being in the best interests overall of the union's membership, particularly in terms of job security and workers' rights. The union places on record its thanks to all activists and employees who worked hard for a 'remain' vote in the referendum.

We recognise the concerns felt by many Unite members and millions of other working people expressed in the referendum- over austerity, over their sense of powerlessness and over the abuse of the free movement of labour, amongst other issues. The referendum result was as much a rebuke to an out-of-touch political and economic elite as it was about the EU itself. However, those who led the "Leave" campaign clearly have no idea as to how to give effect to its result or cope with the economic consequences of the decision.

The people of Scotland, Northern Ireland and Gibraltar voted clearly to remain in the European Union, and we support efforts to address the specific issues arising from "Brexit" in those countries.

We believe that it is vital that there is no rush to trigger Article 50, and that the terms of "Brexit" reflect trade union input and trade union values. Working people must not pay the price for "Brexit". We would oppose a "Brexit" that reduces trade union rights, excludes Britain from the EU Single Market and fails to deal fairly with the difficult issue of the free movement of labour, which requires further debate in the trade union movement. We further need to ensure that the British and Irish governments do not launch a race-to-the-bottom in terms of social protection, workers' rights, and corporate tax - and do not allow multi-national capital to play one government off against the other.

Unite will focus on three over-riding priorities in the immediate situation:








1. The defence of Unite members' jobs, which might be threatened by the UK's exit from the European Union and its single market. This represents a particular threat in our manufacturing and finance sectors and across the public services. We must be ready to work constructively with employers and government to confront any job losses arising.
2. The protection of those employment rights which depended on legislation or initiatives at the European Union level. It would be a betrayal of working people, however they voted, for any rights to be stripped from them by the Conservative government. We will work alongside the TUC and others to ensure that 'Brexit' is not carried through at the expense of workers' rights.
3. Opposing the racist backlash unleashed by the 'leave' vote and standing in solidarity with all peoples and communities threatened by abuse and violence from the far right. The upsurge in such racism is the responsibility of those Tory and UKIP politicians who conducted the "Leave" campaign in such disgraceful terms. We must highlight that the real responsibility for poor housing and a lack of decent jobs rests with the government, and not with migrant workers. We support the right of all EU nationals living and working in the U.K. to remain here.

Unite will also work to strengthen its links with trade unions across Europe and with the ETUC in the fight against austerity and for social rights. We will never turn our back on our brothers and sisters abroad and remain fully committed to the international trade union movement. As a first step towards uniting working people of all nationalities, Unite will campaign for the Labour party to organise a Europe-wide conference of trade union supported workers' political parties, trade unions and left social movements with the aim of constructing a programme for a Europe fit for working people.

Working people must be given the chance to choose their path out of the crisis. This will demand new policy responses, not least to the deprivation and alienation caused by six years of austerity and thirty years of deindustrialisation, and we look to Labour to give a lead on meeting those challenges in the interests of working people.

## Alternatives to EU Membership

From joining the EEA to brokering a new free trade deal, it is clear that the options most commonly named as alternatives to full EU membership all come with major drawbacks for UK manufacturing. This is why Unite and trade unions must make sure our collective voice is heard – by government and in the workplace – to protect our rights, our jobs and our communities.

Option	Access to the Single Market	Freedom of Movement	Protection for Workers' Rights	UK can directly support manufacturing industries	UK government can support manufacturing through procurement	Status of European Works Councils	Overall Status
 <b>NORWEGIAN OPTION:</b> European Economic Area	✓	✓	✓	✗	✗	European Works Councils	LEGALLY PROTECTED
 <b>SWISS OPTION:</b> European Free Trade Association	Partial Access	✓	✗	✗	✗	European Works Councils	NO LEGAL PROTECTION
 <b>TURKISH OPTION:</b> A Customs Union with the EU	Partial Access	✗	✗	✗	✗	European Works Councils	NO LEGAL PROTECTION
 <b>CANADIAN OPTION:</b> CETA: Free Trade Deal	Yes, for sectors covered by the deal	✗	✗	✗	✗	European Works Councils	NO LEGAL PROTECTION
 <b>US OPTION:</b> NAFTA or TTIP Free Trade Deal	Yes, for sectors covered by the deal	✗	✗	✗	✗	European Works Councils	NO LEGAL PROTECTION
 <b>HARD BREXIT:</b> World Trade Organisation Rules	✗	✗	✗	✓	✓	European Works Councils	NO LEGAL PROTECTION
 <b>UNITE DEMANDS</b>	✓	✓	✓	✓	✓	European Works Councils	LEGALLY PROTECTED





**@unitetheunion**

For further information and  
to join Unite please go to  
**[www.unitetheunion.org](http://www.unitetheunion.org)**