

## **TURKISH EMPLOYERS' ASSOCIATION OF METAL INDUSTRIES (MESS)**

### **IDEAS AND PROPOSALS OF CONCRETE MEASURES FOR A RECOVERY PLAN**

COVID-19 is threatening the health and the livelihoods of all people. It is not only a local, but a global problem with major economic, social and employment impacts. Millions of companies worldwide are in danger of being forced out of business with grave impacts on employment. On the other hand, the crisis is both a supply shock affecting production and a demand shock with crushing effects for some sectors which needs prompt global response and innovative solutions.

One of the main issues concerning the pandemic crisis is the uncertainty regarding the length of it. Different scenarios should be considered with the participation of all policy makers to eliminate current uncertainty by means of accurate, consistent, timely and transparent information.

Therefore, rapid and coordinated policy responses are needed at national, European and global level on three important issues: Containing the pandemic, cushioning the economic and social effects and preparing the recovery road map. In this context, policy responses should contain measures to limit and eventually eliminate the direct health effects of COVID-19 on workers and their families, while reducing the indirect economic fallout across the global economy.

#### **THE MAIN TOOL: SOCIAL DIALOGUE**

Tripartite and/or bilateral social dialogue are key tools for developing and implementing sustainable solutions, from the enterprise level to the national, European and global level. Covid-19 crisis maybe unique in many ways, but it is our belief that we can still rely on constructive social dialogue between governments and social partners as we did in past economic crises.

Social dialogue is very important in making policy measures effective. It will create a strong basis for solidarity and the commitment of government, employers and workers to act towards a joint purpose, which is recovery. Unilateral actions of governments are never enough for a swift recovery and stability. Social dialogue is the main tool of balanced crisis management and accelerating recovery.

#### **PROPOSALS FOR SOME CONCRETE MEASURES:**

##### **Economy:**

- Increase €37 billion budget of “Coronavirus Response Investment Initiative” announced by European Union. This budget should be available for EU manufacturers and their non-EU trading partners which are part of Customs Unions.
- Increase incentives for employers especially in sectors with high employment and workforce cost rates.
- Prevent liquidity problem, make central banks help increase liquidity of financial institutions to balance future cash flow problems through affordable loans.
- Defer and reduce tax obligations and social security contributions.
- Introduce interest rate reduction and periodical indirect tax reduction of products.
- Defer the expenditures of companies such as water, energy, and insurance, which affect cash flow at least for a year without interest with state-funded support.
- Increase R&D support packages.

- The predictions indicate that employees' incomes will be diminished during the pandemic crisis and this will affect demand and consumption. Consumer behaviors has already started to change due to the pandemic crisis, such as the increase in online shopping and the use of digital channels. In this regard, finding and directing businesses to different sales channels and showing ways for alternative sales opportunities are crucial. Therefore, it is vital digital sales channels used by businesses should be encouraged by governments (e.g. reducing taxes on online channels). In the meantime, researches should be conducted in consumers' post Covid-19 purchase behaviors and habits of using digital infrastructure in order to adopt the supply-demand market to changes.
- Incentives and support plans should be prepared for the integration of digital maintenance and monitoring systems into production systems so that industrial companies are better-equipped to deal with similar situations in the future and can enable their critical staff to handle such tasks effectively.
- In order to better cope with supply change disruption, the use of advanced supply management software and advance analytic methods should be encouraged to simulate various scenarios quickly and forecast demand changes as well as the associated impact on production.
- New preventive regulations on CO2 emissions in the automotive industry regarding CO2 emissions should be reconsidered and be deferred. The pressure on the industry should be relieved.
- For the first time in EU history, a high inflation rate is expected for producers and consumers. It should be considered to find different ways to make end consumers to spend and consume more while establishing international trade policies. Especially taxes on main consumer goods should be reduced during this period.

#### **International Trade:**

- Liberalize transport quotas, transit permits and visa regimes.
- Lift restrictive legislation on tax burden, especially for foreign investors.
- Update Customs Union and extension of the framework of bilateral trade relations should be considered.
- During the pandemic crisis, businesses in automotive industry and durable goods began to produce ventilator and medical masks. Flexibility and quick adoption in the manufacturing industry and supply chains should be further encouraged. New incentive mechanisms should be developed to make businesses more eager and flexible to change their scope of products.
- Supply chain all around the world might become limited due to local protective policies. In order to overcome disadvantages of these policies, direct foreign investments should be promoted through incentives.

#### **Employment:**

- Promote and facilitate the use of flexible and alternative working arrangements (e.g: short time work, remote work, flexible working-time arrangements etc.), such as applying temporary cuts to taxes/exemptions from social security contributions.
- Support businesses to adapt remote work culture and infrastructure.
- After the pandemic crises, the EU may require young people to work. Work permits and visa regulations for the young workforce outside of the EU should be eased.
- Increase employers' incentives to promote employment.