

Consultation on bargaining ‘action plan’, social partners seek ‘bespoke’ supports

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Following last week’s LEEF meeting, there was consensus amongst the social partners for sectoral taskforces and wage supports to deal with the fallout from American tariffs, as well as a pause on planned tax cuts.

While a pause was put on the 20% tariff on EU goods exports to the USA on 9 April (with 10% tariffs to apply instead), the social partners push for specific supports to deal with employment effects remains.

However, there was divergence between the employers and unions on progressing other planned measures, such as extending statutory sick pay to seven days this year, as well as the launch of a public consultation on an action plan to promote collective bargaining.

DETE confirmed on Tuesday this week that statutory sick pay will not increase to seven days this year (*see news in this issue*).

The collective bargaining ‘action plan’ under Article 4(2) of the Adequate Minimum Wages Directive is required of Member States with collective bargaining coverage below 80%.

It is understood that while the employer side wanted to pause this public consultation, the government indicated it will proceed with it (the action plan having been noted in the Programme for Government). The consultation is due to launch next week and will likely run for four weeks.

The action plan would have to be finalised and communicated to the European Commission by November this year. In the background is the forthcoming CJEU judgment on the Denmark case, in which an Advocate General Opinion has recommended that the Directive be annulled.

Further tax cuts in Budget 2026 are now a remote possibility. A more favourable VAT rate for the hospitality sector, mooted last year, is now also unlikely.

WORKING SUPPORTS

Danny McCoy, CEO of Ibec, has made calls for using “time-bound, short-term working supports to maintain employment levels”, in the context of American tariffs and a trade war, as well as measures “to enhance productivity and access to alternative markets.”

Owen Reidy, General Secretary of ICTU, said there should be “appropriate schemes, such as an adequate short-time work scheme, to protect jobs, workers’ incomes and skills in vulnerable but viable businesses”.

Mr Reidy also pointed to the need for “several sectoral industry taskforces with union and employer representation along with industry expertise and the relevant state agencies not only to manage this disruption but also to build a more sustainable future for these industries.”

Taoiseach Micheál Martin said on 8 April that “whatever we do has to be financially sustainable over the long term. It is just far too early to be venturing anything on that front just yet. This is not the same as Covid-19... therefore, our response has to be one that is sustainable, but also we must have some sense of where this is going to settle, if indeed it settles at all.”

VULNERABLE SECTORS

While conscious of the significant drop in corporate receipts now expected this year and next, the government may yet be compelled to establish a sectoral support approach.

The newly launched pay-related benefit scheme will not pass muster for many employees whose job security is imperilled by the tariffs on exports to the USA, particularly workers in the pharmachem and medical device sectors.

SIPTU said this week that it “will work constructively with multinational pharmaceutical manufacturing companies in the best interests of the industry and the tens of thousands of high standard jobs it provides in Ireland in the event of the US introducing tariffs targeting the sector.”

Sector Organiser, Andrea Cleere, said the fact that pharmaceutical manufacturing has not yet been subjected to tariffs “is most likely due to the complexity of supply chains in the industry and its global interrelations.”

Medtech Ireland (part of Ibec) said it is “incredibly important” that medical technologies are excluded from any reciprocal EU tariffs and that Europe “doesn’t replicate the missteps on the other side of the Atlantic.”

Medtech Director Eoghan Ó Faoláin said that over 48,000 people are directly employed in Medtech in Ireland, and that it is “essential that the Irish government stands ready to step-in with immediate emergency employee and business continuity supports to those companies particularly impacted by a sudden deterioration in their trading conditions or trading volumes with the US resulting from these tariffs”.