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A Call for an EU Directive on Labour Intermediaries and fair working conditions across Subcontracting chains



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EFFAT

EU Elections 2024

EFFAT calls for a Fairer Europe for Workers #CallingEU

A Call for an EU Directive on Labour Intermediaries and fair working conditions across Subcontracting chains

What are we talking about?

Unregulated labour intermediaries, abusive subcontracting and lack of inspections are behind some of the greatest hardships for migrant and mobile workers.

Millions of mobile and migrant workers in Europe are the backbone of Europe's thriving agriculture, food processing and hospitality sectors. Many are domestic workers, enabling millions of working people to enjoy a better work-life balance and a clean home. Despite their essential role in society, too many of them are subject to outright discrimination in the labour market and even labour exploitation.

Unregulated labour intermediaries, abusive subcontracting and lack of inspections are behind some of the greatest hardships for migrant and mobile workers, with many of them unable to report any violations of their rights without risking retaliation or deportation.

Unregulated labour intermediation: Migrant, seasonal and other mobile workers often access the labour market through an informal and non-transparent recruiting process carried out by labour intermediaries whose activities remain largely unregulated. These actors provide the link with the employer while charging workers significant fees, often paid through debt, trapping them in a poverty spiral from which there is no escape. In the worst cases, informal labour intermediation ends up in gang mastering.

Abusive Subcontracting: Unregulated labour intermediation often goes hand in hand with abusive subcontracting. While subcontracting should ideally involve specialised expertise, there is evidence that it is increasingly used for core business activities. Subcontracting allows employers to circumvent applicable labour standards and collective agreements while cutting costs and avoiding liability. This means longer working hours, lower wages and greater insecurity for workers throughout the subcontracting chain.

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Lack of inspections: If companies do not abide by the rules, they are likely to engage in illegal practices that violate applicable working conditions and lead to social dumping and unfair competition. Labour inspectorates across the EU are underfunded and understaffed. Particularly in EFFAT sectors, where small and micro-enterprises are in the majority, this means less frequent inspections.

Why is EU action needed?

EU rules on Subcontracting and Labour Intermediaries present major shortcomings. Inspections are very infrequent.

Abusive subcontracting and unregulated labour intermediaries, often working in cahoots, contribute to the creation of an exploitative business model that increasingly dominates key sectors of the EU economy. Their prevalence undermines the social acquis and is a major obstacle to equal treatment at work for millions of workers.

The EU legal framework regulating these two abusive practices is fragmented, inconsistent and seriously deficient. In addition, the lack of effective labour inspections and adequate sanctions across the EU leads to insufficient compliance and enforcement of existing rights.

Equal treatment can only work in practice if there is the political will to stop abusive practices and to address the existing gaps in the EU's social policy, labour mobility and migration legal framework.

How can the EU act?

Ahead of the next EU elections, EFFAT proposes an 'EU Directive on labour intermediaries and fair working conditions across subcontracting chains' that aims to:

1. Establish full equal treatment throughout subcontracting chains:

Subcontracting should be prohibited for companies' core activities and the chain should be limited to one sub-level. Joint and severe full-chain liability must apply.

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2. Regulate the roles of all labour intermediaries and address the shortcomings of the TAW Directive:

The EU should establish an EU register and a community licence for labour intermediaries and ensure that workers do not pay fees and that brokers provide information about workers in different languages.

3. Increase the frequency and efficacy of labour inspections across the EU:

The EU should adopt common standards for inspections, using the ILO benchmark of at least one labour inspector per 10,000 workers as a minimum threshold. Digital data and cross-checking between enforcement agencies operating in different areas should be used to identify potential labour abuses and support workplace inspections.



EFFAT is the European Federation of Food, Agriculture and Tourism Trade Unions, also representing domestic workers.

As a European Trade Union Federation representing 116 national trade unions from 37 European countries, EFFAT defends the interests of more than 25 million workers towards the European Institutions, European employers' associations, and transnational companies.

EFFAT is a member of the ETUC and the European regional organisation of the IUF.

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