

EUROPEAN
FEDERATION
OF BUILDING AND
WOODWORKERS



EFBWW

ROADMAP FOR QUALITY JOBS IN CONSTRUCTION: LIMIT SUBCONTRACTING AND PROMOTE DIRECT JOBS

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The EFBWW launched its subcontracting campaign in 2020 to address the widespread use of abusive subcontracting practices in the construction sector. In its first phase, the campaign focused on raising awareness among policymakers at both EU and national levels. A key milestone was the first successful EU demonstration in Brussels in June 2024, bringing attention to the urgent need for action.

With the European elections in 2024, the campaign entered its second phase under the banner **‘Vote for #LimitSubcontracting’**, directly challenging political groups to take a position on subcontracting.

This phase saw continued mobilisation, including another demonstration in Strasbourg in September 2024, organised together with EFFAT and ETF. EFBWW also brought subcontracted migrant workers’ testimonies to the European Parliament.

This led to the organisation of a hearing with Executive Vice President Mînzatu on abusive subcontracting in the European Parliament at the plenary of December 2024. As a result, limiting abusive subcontracting is now recognised as a central issue in the fight for quality jobs.

The European Parliament is now working on an own-initiative report on abusive subcontracting and labour intermediaries, while Commissioner Mînzatu has signalled her intention to include the topic in the Quality Jobs Roadmap and a new Labour Mobility Package. Subcontracting is now a core topic in the multi-annual work programme for social dialogue in construction with FIEC.



The campaign is now moving into its third phase: pushing for precise and concrete legislation. EFBWW is calling for an ambitious EU Subcontracting Package that would introduce binding legislation to effectively limit subcontracting, ban temporary work agencies and other intermediaries in posting with effective and dissuasive penalties. These measures are essential for creating a sustainable internal market based on quality jobs and fair competition. In turn, this would make the construction sector more attractive to workers, helping to address labour shortages.

The European Commission has announced its intention to focus on simplification. EFBWW wants to explicitly underline that limiting subcontracting and promoting direct jobs would significantly simplify construction site management, benefiting businesses, enforcement authorities and workers alike. Today, many workers on construction sites do not even know **WHO'S THE BOSS**.

Digital enforcement tools must also play a role in this. EFBWW supports sectoral social ID cards, an individual social security number for mobile workers and interconnected EU-wide business registers. The construction sector has been advocating for these measures for over a decade, and they must now be implemented as part of an effective enforcement strategy.

This updated policy document outlines EFBWW's proposals for coordinated, legislative action across 10 priority areas. The time to act is now.



Bruno Bothua
President



Tom Deleu
General Secretary

A CALL FOR ACTION

The EFBWW calls for an ambitious Subcontracting Package with binding legislation to limit subcontracting, ban temporary work agencies and other intermediaries in posting and enforce dissuasive penalties. It must cover Public Procurement and OSH. Urgent action is needed in these 10 priority areas to protect workers and ensure the sustainability of the European construction industry

1. Limits on Subcontracting

EFBWW calls for:

- Binding legislation that restricts subcontracting chains to a maximum of one or, where technically necessary, two sub-levels.
- Direct employment to be the standard, with only specialised tasks permitted at lower levels.
- Binding legislation to ensure fair competition and enforceable labour standards across all projects.

2. No Public Money for Exploitation

EFBWW calls for:

- Public procurement rules to prioritise fair labour practices over cost-cutting.
- The abolition of the lowest price criterion
- Public contracts to be awarded only to companies that comply with collective agreements and social standards.
- Strong monitoring and enforcement to eliminate social dumping and fraud.

3. Ban Agencies and other Intermediaries in Posting

EFBWW calls for:

- A ban on labour-only agencies and intermediaries in posting.
- Only genuine construction companies engaged in substantial activities to be allowed to post workers.
- An ambitious action plan to combat letterbox companies and fraudulent postings.

4. Full Joint and Several Liability across the Whole Subcontracting Chain

EFBWW calls for:

- Main contractors to be fully liable for compliance with labour laws and collective agreements across subcontracting chains.
- A safeguard ensuring workers receive their entitlements, even if subcontractors fail to comply or shut down.

5. Effective Enforcement

EFBWW calls for:

- A binding EU framework for social ID cards in construction based on the EFBWW-FIEC SI-DE-CIC project
- The implementation of EU-wide and interconnected digital company registers and stronger inspections.
- A strengthened European Labour Authority to oversee subcontracting practices.
- Harmonised sanctions across Member States.
- The combination of modern digital tools with targeted inspections and cross-border cooperation to improve enforcement.

6. Mandatory Due Diligence

EFBWW calls for:

- Main contractors to conduct rigorous due diligence in subcontracting chains.
- The active involvement of trade unions and EWC members in the due diligence process
- Independent audits, mandatory reporting and oversight
- Due diligence to complement, not undermine, joint and several liability.

7. Empower Trade Union Representatives and European Works Councils

EFBWW calls for:

- Trade union representatives and EWCs to have access to information on subcontracting policies.
- The right for trade union representatives to conduct site audits.
- Strengthened information and consultation rights through an ambitious revision of the EWC Directive.

8. Social Protection for All Workers

EFBWW calls for:

- All workers, regardless of their employment contract, to be covered by social protection.
- Unique European Social Security Number (ESSN) for mobile workers allowing real-time information on social security coverage and rights
- The conclusion of the revision on the coordination of social security systems to include mandatory prior notification in construction without exception.

9. Guaranteed Occupational Safety and Health Standards

EFBWW calls for:

- Binding EU rules to ensure that all subcontractors comply with the highest occupational health and safety standards in the host country.
- Uniform OSH training and mandatory protective equipment.
- Rigorous enforcement to protect workers and promote safety in the construction sector.

10. Same Work, Same Rights, Same Salary

EFBWW calls for:

- Equal treatment for all workers in public and private contracts.
- Subcontractors to apply the same conditions and collective agreements as main contractors.

Arman Bangladesh ***“I am tired of being treated as a third-class worker. I want a good job with good conditions. I want a direct job”***





Construction and subcontracting: from specialisation to social dumping and labour crime



The construction sector is one of the largest economic drivers in the European Union (EU), accounting for 9% of EU GDP (€1.39 trillion) and providing jobs to 18 million workers across approximately 3 million enterprises.¹ Labour costs represent about 50% of the industry's turnover, making them a critical factor in competition between companies.

The construction sector is highly fragmented, with a very mobile workforce, heavy reliance on posted workers and dominated by SMEs. This fragmentation creates numerous challenges, including a heightened risk of fraud, social dumping and labour crime.

In addition, the sector suffers from considerable labour shortages in all EU countries due to a general lack of attractiveness. Fragmentation and labour shortages are significant barriers for the sector towards a green and digital transition.

While subcontracting is a standard practice for engaging specialised companies, it has now become a business model where the concept 'specialised work' is misused, applying it to outsource routine, labour-intensive tasks. This shift in subcontracting has led to growing concerns from policy makers. Recent reports, including the European Labour Authority's 2023 report on construction,² Enrico Letta's '*Much More Than a Market*' report³ and the La Hulpe Declaration,⁴ highlight the urgent need for stronger governance and the elimination of abusive practices that undermine fair competition and social justice in the sector.

1 European Commission, Construction – Internal Market, Industry, Entrepreneurship and SMEs, available at: https://single-market-economy.ec.europa.eu/sectors/construction_en

2 European Labour Authority. (2023). Construction sector: Issues in information provision, enforcement of labour mobility law, social security coordination regulations and cooperation between Member States. Luxembourg: Publications Office of the European Union. Accessible at: <https://www.ela.europa.eu/en/news-event/newsroom/report-digitally-accessible-and-understandable-information-promoting-cross>

3 Letta, E. (2024), *Much More Than a Market: Speed, Security, Solidarity*. Accessible at: https://single-market-economy.ec.europa.eu/news/enrico-lettas-report-future-single-market-2024-04-10_en

4 La Hulpe Declaration on the Future of the European Pillar of Social Rights (2024). Accessible at: <https://belgian-presidency.consilium.europa.eu/en/events/european-pillar-of-social-rights-the-la-hulpe-declaration-on-the-future-of-social-europe/>

The ELA report on the construction sector⁵ and the Commission 2024 report on the revised Posting of Workers Directive⁶ determine that complex subcontracting chains are often used to cut labour costs, opening the door for fraudulent companies that exploit cross-border subcontracting to engage in wage competition, social dumping, undeclared work and worker exploitation. These companies often use complex subcontracting arrangements to obscure employment relationships, evade tax and social security obligations, escape liability and avoid scrutiny from labour inspections. Subcontracted firms can vanish without paying workers after months of labour. Many of these companies are labour-only suppliers or letterbox firms with no genuine business operations. Both reports recognise limiting subcontracting chains and banning agencies as a good practice.

Additionally, Enrico Letta states that unregulated subcontracting is a detrimental business model, noting that *“it is imperative to regulate subcontracting practices to prevent exploitation and abuse. Unchecked subcontracting chains can lead to the erosion of labour standards, social dumping and the undermining of fair competition. In addition, they can lead to violation of the applicable health and safety obligations”*.

The landmark Team Power Europe judgment, on the other hand, illustrates the urgent need to disqualify companies from posting workers if they do not meet the substantial activity requirement in their country of establishment.⁷ This case highlights the loopholes exploited by some temporary work agencies (TWAs), enabling fraudulent practices that circumvent labour and social protections. To address this, the EFBWW calls for stricter enforcement of the substantial activity criterion to ensure only companies genuinely engaged in construction are permitted to post workers abroad.

The construction sector today suffers from exploitation, fraud and labour abuses, particularly in cross-border contexts.

Social dumping develops in some cases into labour crime, increasingly intertwined with organised crime. Subcontracting has been a key enabler of these practices, allowing companies to evade liability and weaken worker protection. As subcontracting chains grow longer, more complex and more international, the sector has been classified as fraud-sensitive. This allows social dumping into organised crime, severely damaging the EU’s social market economy and violating principles of the European Pillar of Social Rights. Such exploitative practices not only undermine the European Union’s competitiveness but also stand in stark contrast to the ambitions outlined in the Von Der Leyen Commission’s Quality Jobs Roadmap⁸ and its commitment to combat criminal infiltration of the real economy.

The construction sector must be built on fair competition, foster innovation and productivity, ensure high-quality skills and qualifications, guarantee working conditions, strengthen collective bargaining and uphold stringent health and safety standards. Direct employment should be the standard practice. When workers are not directly employed, full equal treatment — with equal pay for equal work at the same workplace — must be a non-negotiable principle.

5 European Labour Authority. (2023). Construction sector: Issues in information provision, enforcement of labour mobility law, social security coordination regulations and cooperation between Member States. Luxembourg: Publications Office of the European Union. Accessible at: <https://www.ela.europa.eu/en/news-event/newsroom/report-digitally-accessible-and-understandable-information-promoting-cross>

6 European Commission, "Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the application and implementation of Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services," COM(2024) 320 final, April 30, 2024

7 CJEU Judgment in Case C-784/19, Team Power Europe GmbH v. Direktor na Glavnata direksia "Inspeksia po truda" - Sofia, ECLI:EU:C:2021:427

8 Cited as a priority in the 2024-2029 guidelines of the Von der Leyen Commission, accessible at: https://commission.europa.eu/about/commission-2024-2029_en

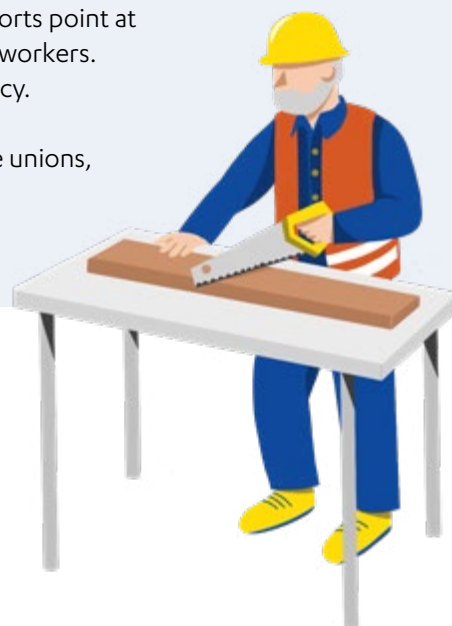
The EFBWW calls for ambitious legislative action to limit subcontracting chains, ban temporary work agencies in posting and enforce full chain liability. Effective enforcement, including stronger inspections, social ID cards and digital company registers, is essential to prevent fraud and ensure accountability across borders. The EFBWW also advocates for binding public procurement rules that reward fair labour practices and prevent abusive subcontracting. These measures are essential to ensuring fair competition and a sustainable future for Europe's construction workforce.

The construction industry relies heavily on subcontracting, with some projects involving nearly all activities performed by subcontractors.⁹ For example, the Dutch multinational Royal BAM operates with a substantial network of subcontractors, encompassing a wide range of companies, from well-established firms to smaller operators. VINCI Construction, a global player with over 1,300 subsidiaries, manages projects across more than 100 countries, often engaging dozens of subcontractors per project.

ANTWERP CASE

On 18 June 2021, a school building under construction collapsed in the Belgian city of Antwerp, resulting in the tragic deaths of five construction workers and injuries to 20 others, some of them severe. The main contractor was a Belgian company, but all the workers affected were non-Belgian posted workers, including three Portuguese nationals, one Romanian and one Russian. The project involved multiple layers of subcontracting, reportedly with up to 282 contractors active on site. As the main contractor could not confirm who was at the worksite at the time of the accident, and on whose behalf, it took several days before the rescue team could identify all victims. Technical, construction errors were identified as the causes of the collapse. Who is legally responsible for this is still under investigation. This is even more regrettable as there were repeated alerts from individual workers about recurring safety and security problems, but these alerts were not taken seriously.

Almost 4 years later the criminal investigation is still ongoing. Preliminary reports point at widespread abuse of bogus self-employment, undeclared or under-declared workers. Some of the involved subcontractors have in the meantime filed for bankruptcy. The injured workers and the families of the deceased are still waiting for any financial compensation. Immediately after the accident, the Belgian trade unions, CG FGTB and ACV BIE, have appointed a legal team to assist the workers and prepare a case before the court.



⁹ EFBWW, *Monitoring and enforcement of labour and social considerations in supply chains in the construction industry - Strengthening workers' capacities in European Works Councils*, 2021, available at: <https://www.efbww.eu/publications/press-releases/monitoring-and-enforcement-of-labour-and-social-considerations-i/1409-a>

The risk factor



While main contractors are often large multinational companies, approximately 99.9% of construction companies in the EU are SMEs (i.e. with fewer than 250 employees), with the majority being micro-enterprises employing fewer than 10 workers. This structural composition means that around 97% of the construction workforce is employed by SMEs. However, cost-saving pressures and tight deadlines imposed by clients and main contractors often lead subcontractors to circumvent regulations. These violations include underpayment, disregard for health and safety rules, non-compliance with overtime laws and breaches of workers' rights.

Long subcontracting chains increase complexity and reduce transparency, making it challenging to enforce existing legislation and collective agreements. These chains can also be exploited by criminal companies to evade joint and several liability. Construction's inherently project-based nature, with temporary and decentralized worksites of varying sizes and durations, adds further challenges for regulatory oversight.

Cross-border labour mobility significantly impacts the construction sector, accounting for more than 30% of all posted workers within the EU.¹⁰ Most of these workers move from low-wage to high-wage countries, exposing them to vulnerabilities such as undeclared work, inadequate pay and poor working conditions. Migrant workers from non-EU countries face heightened risks, including social security fraud and violations of fundamental workers' rights.

Bogus self-employment is a widespread issue.¹¹ Workers are often misclassified as self-employed or as micro-companies, disguising their actual dependency on employers. This practice undermines labour standards and allows employers to evade responsibilities, including social contributions.

¹⁰ De Wispelaere, F. et al (2023). *Posting of Workers – Prior Declarations 2022*. Luxembourg: Publications Office of the European Union, p. 29. Available at: <https://op.europa.eu/en/publication-detail/-/publication/384d8554-4e1c-11ef-acbc-01aa75ed71a1/language-en>

¹¹ European Labour Authority. (2023). *Construction sector: Issues in information provision, enforcement of labour mobility law, social security coordination regulations and cooperation between Member States*. Luxembourg: Publications Office of the European Union, p. 26

Intermediary labour suppliers: Exploitation as a business model

Cross-border subcontracting chains increasingly rely on intermediary labour-only suppliers, such as recruitment, placement and temporary work agencies to exploit legal loopholes and profit from wage, social security and tax dumping. While these practices may not always be illegal under European and national laws, they are undoubtedly unethical. One notable example involves Slovenia, which introduced a system allowing firms posting workers abroad to benefit from a lower rate of social security contributions, commonly referred to as a 'posting bonus.' Under this scheme, contributions were calculated based on a lower wage than what workers actually received, leading to significant shortfalls in social security payments and unfair competition.

Following strong advocacy and pressure from trade unions, Slovenia retracted this practice in January 2024. The government now applies standard social security rates for posted workers, effectively eliminating the incentive for wage and social security dumping.

Lack of controls, lack of cross-border digital enforcement tools

Shady, criminal and fraudulent companies continue to thrive due to weak oversight by labour inspection bodies, which in many EU Member States lack sufficient resources, manpower and up-to-date cross-border digital tools. These gaps in enforcement enable companies to exploit legal loopholes and administrative gaps at both EU and national levels, with a low risk of detection and penalties.

The ELA, established in 2019, is now fully operational and undergoing its first review. While the ELA has made progress, its ability to effectively tackle cross-border social dumping and fraud remains under scrutiny. The European Parliament has called for a stronger mandate, including the ability for ELA to independently investigate and address breaches of EU law in cross-border cases.¹² Additionally, the EFBWW and FIEC have jointly recommended that the ELA prioritise cross-border enforcement, improve data collection, establish a construction-specific unit within the Authority, enhance access to information, optimise the EURES network under ELA and ensure that sectoral social partners are represented in ELA's working groups and governing bodies.¹³ Such changes would significantly enhance its role in combating abusive practices across the internal market.

¹² European Parliament resolution of 18 January 2024 on the revision of the European Labour Authority mandate (2023/2866(RSP))

¹³ EFBWW and FIEC joint recommendations on the role of the European Labour Authority, 28 March 2024, available here: <https://www.efbww.eu/stream/441e875e-9833-4baf-85d8-bd50827f1ff8>

Digital oversight tools remain a critical challenge. Despite earlier commitments, the European Social Security Number (ESSN) has been shelved by the European Commission. Instead, the European Social Security Pass (ESSPASS) has been proposed and a pilot project is ongoing. ESSPASS aims to create a digital tool for real-time cross-border verification of social security coverage and entitlements.¹⁴ However, it remains uncertain whether this initiative will lead to a binding enforcement mechanism for all Member States or if further legislative action will be required.¹⁵ The EFBWW and FIEC have jointly urged the European Commission to ensure that ESSPASS is developed into a fully operational enforcement tool and that its implementation is aligned with sectoral needs.¹⁶ The European Parliament has also called for a robust, digital enforcement system that guarantees fair mobility and strengthens worker protections.¹⁷

However, the EFBWW warns that digitalisation, if approached incorrectly, can weaken rather than strengthen enforcement. The European Commission's e-Declaration initiative, which seeks to create a single digital notification system for posted workers, has been presented as a tool to reduce administrative burdens for businesses. The EFBWW warns that this focus on simplification risks undermining enforcement by limiting Member States' ability to develop monitoring mechanisms adapted to their own needs. Digital tools must not be used to weaken national enforcement strategies but should instead strengthen authorities' capacity to detect fraud and ensure compliance with labour and social security regulations. The EFBWW insists that any digital enforcement tool, including e-Declaration, must serve enhancing compliance and enforcement, rather than reducing oversight in the name of simplification.

The time for change is now. To ensure a socially sustainable EU internal market, stronger rules on subcontracting, combined with improved enforcement mechanisms and digital tools, are essential to protecting workers and promoting fair competition.

Ali *"For me subcontracting Turkey means working with unreliable companies. I don't even know who my boss is!"*



¹⁴ European Parliament resolution of 25 November 2021 on the introduction of a European social security pass for improving the digital enforcement of social security rights and fair mobility (2021/2620(RSP))

¹⁵ EFBWW press release urging the European Commission to accelerate the digitalisation of social security, 8 September 2023, available here: <https://www.efbww.eu/news/efbww-urges-the-european-commission-to-accelerate-the-digitalisation/3681-a>

¹⁶ Joint statement by EFBWW and FIEC calling for digital enforcement, 24 June 2024, available here: <https://www.efbww.eu/news/eu-construction-social-partners-call-for-digital-enforcement/2657-a>

¹⁷ European Parliament resolution on the need for a coordinated digital enforcement framework in EU labour mobility, 12 October 2023

1. Limits on Subcontracting

Subcontracting is a standard practice for engaging specialised companies to perform specific technical tasks in construction projects. However, artificially long and non-transparent subcontracting chains have become part of an exploitative business model, exacerbating social dumping and undermining fair competition in the construction sector. Binding European standards are essential to address these issues effectively, ensuring that subcontracting is used responsibly and transparently in both public and private contracts.

The EFBWW demands a binding legislative proposal that should include at least the following limitations on subcontracting:

- **Restrict subcontracting levels:** Subcontracting should be limited to a maximum of one or two sub-levels. This ensures sufficient flexibility for main contractors while preventing excessive wage competition and safeguarding fair labour practices;
- **Direct Jobs should be the norm:** The majority of workers must be employed directly by the main contractor, with only a limited percentage of workers permitted to operate within the subcontracting chain, whether horizontally or vertically;
- **Tasks restricted** at lower levels: Only specific tasks requiring specialised expertise should be permitted at lower tiers of the subcontracting chain, reducing the potential for abuse and ensuring accountability;
- **No escape from liability:** The performance of mandatory due diligence obligations cannot absolve main contractors of their responsibilities or liability towards subcontracted workers (see demand 4 on joint and several liability).

Complex and lengthy subcontracting chains often obscure employment relationships, facilitating wage dumping, tax evasion and social fraud. These practices exploit workers, many of whom are migrant or posted workers vulnerable to abuse. To combat these systemic issues, the EFBWW urges Member States to adopt binding rules that apply uniformly across all construction projects, irrespective of whether they are publicly or privately funded.

Limiting subcontracting chains also addresses **broader problems in the construction sector, including labour crime, undeclared work and the proliferation of fraudulent letterbox companies.** By enforcing clear and enforceable limitations, the EU can ensure greater transparency, accountability and fairness, fostering a socially sustainable construction industry.

Restricting the length of subcontracting chains is a recognised good practice, as highlighted in the European Commission's 2024 report on the implementation and monitoring of the revised Posting of Workers Directive (EU 2018/957), which identifies limiting subcontracting levels as an effective measure to promote compliance and reduce exploitation.

THE SOCIAL CHARTER FOR THE PARIS OLYMPIC GAMES AND BEYOND

Signed in 2018, the Social Charter for the Paris Olympic Games was an agreement between the Organising Committee, trade unions (CGT, CFDT, FO), and employers to ensure fair working conditions on construction sites. The objective was “No deaths to build the Olympics.”

To achieve this, unions monitored subcontracting, conducted workplace inspections, and ensured access to training and secure employment. Union representatives were given full site access, allowing for regular oversight. These measures were supported by SOLIDEO, the public body overseeing Olympic infrastructure, which introduced stricter subcontracting rules as part of its social responsibility commitments.

Across 70 Olympic construction sites, 181 accidents were recorded, including 30 serious cases, but no worker fatalities were reported. This stands in contrast to the Grand Paris Express project, where five worker deaths were recorded.

However, the Paris 2024 construction sites were understandably under immense public and political scrutiny. Unlike other large infrastructure projects, the global spotlight meant that compliance with the highest safety standards was not optional.

The French Ministry for Work (DRIEETS) created a specific unit for Large Construction Projects to check all sites on a daily basis. More than 1,300 controls have been carried out on construction sites related to the Paris Olympic Games, a record.

The lessons from this experience go beyond trade union involvement: when there is sustained public attention, there is pressure to uphold stricter oversight.

(Source : <https://www.ouvrages-olympiques.fr/4-fois-moins-daccidents-que-chantier-classique>)



2. No Public Money for Exploitation

Public procurement accounts for a significant share of the construction sector's market, representing 20–38% of the industry in various Member States. Yet, exploitation and social dumping persist. Cost-cutting incentives, driven by the lowest-price criterion, frequently result in poor-quality outcomes, breaches of workers' rights and unfair competition. To achieve socially responsible public procurement, stronger rules are necessary to eliminate exploitation and drive fair practices.

The EFBWW calls for abolishing the 'lowest price' criterion. Awarding contracts based on the lowest bid often leads to abnormally low tenders that disregard social and labour standards. Instead, public authorities must adopt the principle of the 'most economically advantageous tender', ensuring a 'best price-quality ratio' and compliance with collective agreements.

We call for legally sound mandatory social criteria which are independent of the 'subject matter principle' and the provision that **social clauses cannot be considered discriminatory** measures in public contracts.

Prequalification of companies must also be established. These systems would ensure that only companies meeting technical, financial and social integrity standards can bid on contracts. Such mechanisms should be designed with the input of social partners to guarantee fair and effective implementation.

Clear **exclusion criteria** are also essential to prevent companies engaging in social fraud or non-compliance with collective agreements from participating in tenders. The 'self-cleaning' mechanism must be abolished as it allows companies to submit self-declarations of compliance and shown itself to be ineffective and prone to abuse. To facilitate exclusion from tender procedures, Member State authorities should be able to publicly **blacklist** companies who have been convicted of noncompliance with social and environmental standards.

Labour inspections and other enforcement bodies are best placed to monitor and control the application of social standards, supported by digital company registers and social ID cards (see **point 5a**). ELA must also take a central role in coordinating cross-border enforcement and assisting national authorities with monitoring subcontracting chains (see **point 5c**).

ITINERA – NORWAY CASE: A GOOD PRACTICE IN PUBLIC PROCUREMENT

In July 2024, the Norwegian Public Roads Administration (NPRA) set a strong precedent by excluding the Italian construction company Itinera S.p.A. from bidding on a major tunnel project in northern Norway. The reason? Labour rights violations by one of its subcontractors in Denmark.

Danish trade unions provided evidence that Tekno Fire, a subcontractor of Itinera, had forced workers to return part of their wages. Since compliance with collective agreements was a mandatory qualification criterion in the tender, the NPRA excluded Itinera from the bidding process. Itinera contested the decision, but on 1 October 2024, the Oslo District Court ruled in favour of the NPRA, confirming that excluding companies based on past labour violations is both lawful and justified.

The ruling referenced the 2020 European Court of Justice decision in *Tim SpA v Consip*, which confirmed that public authorities can exclude bidders whose subcontractors have breached labour, social or environmental obligations (per the provisions of the 2014 Public Procurement Directive).

The Norwegian approach demonstrates that we can stop public money being given to companies engaged in exploitation. The upcoming revision of the EU Public Procurement Directives should follow this best practice by strengthening mandatory social criteria and ensuring that companies with a record of social fraud are excluded from public contracts.

3. Ban Agencies and Other Intermediaries in Posting

Non-genuine posting of workers remains a significant issue within subcontracting chains in the construction sector, often leading to exploitation, wage theft and the circumvention of labour laws. The EFBWW demands the mandatory enforcement of Article 4 of the 2014 Enforcement Directive, which defines the criteria for genuine posting and aims to prevent abuse. This article is essential for ensuring that posted workers are not used as tools for undercutting wages and weakening labour standards across the EU.

The vulnerabilities of third-country nationals (TCNs) are particularly concerned in this context. These workers are often employed through intermediary agencies or non-genuine companies, exposing them to heightened risks of exploitation and wage theft. **Addressing these practices is critical to protecting TCNs.**

To address these challenges, the EFBWW calls for:

- **Tightening the ‘substantial activity requirement’:** Only companies genuinely engaged in substantial construction activities in their ‘home’ Member State should be allowed to post workers abroad. This requirement must leave no room for exploitation. Legal criteria must include the working time of employees, the actual services provided and the place where turnover is generated. This would prevent letterbox companies and other fraudulent entities from exploiting posting loopholes. Member States that fail to enforce these rules – or facilitate the posting of workers by ‘non-genuine’ companies – must face infringement procedures alongside dissuasive sanctions.
- **Banning intermediary labour-only suppliers:** Recruitment and temporary work agencies must no longer be permitted to post workers. These intermediaries often contribute to a race to the bottom in terms of wages and working conditions, particularly for TCNs. Labour shortages should instead be addressed through direct employment at the place of work, with full social security coverage and adherence to collectively bargained wages and working conditions.
- **Guaranteeing access to justice:** Posted and migrant workers, including undeclared workers and bogus self-employed, must have access to mechanisms for recovering unpaid wages and entitlements swiftly and effectively. Companies that exploit workers must face severe financial penalties and exclusion from public contracts to disincentivise these practices.
- **Mandatory OSH training:** Minimum occupational safety and health (OSH) training must be mandatory for all workers in subcontracting chains. A transparent training accreditation system should be implemented, alongside rigorous monitoring, control and enforcement to protect workers’ safety on work sites.

To develop the most effective legislative response, the EFBWW calls for a thorough legal and economic analysis of temporary work agencies in the construction sector. This analysis should provide a strong foundation for designing the most appropriate regulatory measures.

TEAM POWER EUROPE CASE

The Team Power Europe case (C-784/19) addressed how temporary work agencies can post workers while remaining under their home country's social security system. The Court of Justice of the EU ruled in June 2021 that a temporary work agency must conduct substantial activities in its home country beyond recruitment and administration. Simply acting as a channel for posting workers abroad is insufficient.

This case reinforces concerns about the role of intermediaries in subcontracting chains. Many agencies operate solely to post workers, without meaningful domestic operations. This creates opaque employment structures where responsibility is blurred, wages and social security contributions are minimised, and workers are left vulnerable.

EFBWW has long called for a ban on agencies and other intermediaries in posting. This judgment strengthens the argument that posting should be linked to real employment relationships in the sending country. It highlights the urgent need for tighter regulations, ensuring that subcontracting and labour mobility do not become tools for exploitation.

4. Full Joint and Several Liability Across the Whole Subcontracting Chain

Joint and several liability is essential for ensuring accountability in the construction sector, requiring clients and main contractors to take responsibility for the actions of their subcontractors. The EFBWW calls for **joint and several liability to apply uniformly across the EU**, including in cross-border situations.

Under joint and several liability, main contractors must be accountable for the actions of their direct subcontractors and subsequent tiers. This provides assurance to workers that they will receive their wages, benefits and entitlements, even if a subcontractor fails to meet its obligations or ceases operations.

The EFBWW demands the following:

- **EU legislation must ensure that joint and several liability applies across all levels of subcontracting** in both national and cross-border contexts. This should include mandatory liability for unpaid wages, social security contributions and other entitlements.
- Main contractors that fail to comply with their liability obligations should face **substantial financial penalties to dissuade non-compliance**.
- **Workers must have reliable mechanisms to seek redress** and recover unpaid wages or benefits, including straightforward access to legal channels.

While due diligence requirements (covered in **Point 6**) are valuable for identifying and managing risks in subcontracting chains, they cannot replace joint and several liability. **Main contractors must remain fully responsible for compliance with labour laws and collective agreements** throughout the subcontracting process. **The EFBWW urges the EU and Member States to establish binding rules that ensure the effective application of joint and several liability.**

FLAMANVILLE CASE

The Flamanville 3 nuclear reactor project in France has become a cautionary tale on excessive subcontracting. Construction began in 2007 and was initially planned for completion in five years, the project has been plagued by delays and instances of irregularities. A major factor in these problems was the heavy reliance on subcontracting chains and temporary employment agencies, which created poor oversight and, effectively, worker exploitation. In the project 460 Polish and Romanian employees were involved. They were hired via the Irish based temporary works agency Atlanco and posted to France. Between 2009 and 2011, several Polish workers were injured. Contrary to what they expected and what is foreseen in the context of posting, these workers were not covered by social protection in their home country. When they were sent back to their country, they discovered they had to pay the costs in advance and ask for reimbursement in Cyprus. These workers had a contract with Atlanco via a fictitious office in Cyprus. In this case Atlanco was also condemned. At the time EFBWW and the French affiliates had already exposed the creative and complex fraud schemes of Atlanco and the responsibility of the main contractor for what is going on in their subcontracting chain. Since then Atlanco has disappeared from the radar, but it used to operate under many different names (Atlanco, Atlanco Construction Limited, Atlanco Limited, Atlanco Rimec, Atlanco Rimec Group, RIMEC, Rimec Contracting SRL, etc.). And over the years, it had added up cases in court throughout the European Union.

In January 2021, French construction giant Bouygues was eventually convicted of “concealed work” and fined for illegally using posted workers under precarious terms. The fine? Only 30,000 euros. The French social security institutions calculated that 12 million euros should have been paid in social contributions.

The case highlights how fragmented subcontracting chains allow companies to escape responsibility. Workers are left vulnerable, safety and quality standards suffer and major projects face huge delays and cost overruns. This proves the urgent need for full joint and several liability across subcontracting chains, ensuring that main contractors bear responsibility for labour abuses at all levels.

This demonstrates the need to ban agencies and other intermediaries in posting and establish full-chain liability. The Flamanville case shows that when responsibility is diluted through subcontracting chains, worker protection and project integrity collapse. Direct employment, strict subcontracting limits and joint and several liability are the solution.

5. Effective Enforcement

Addressing exploitation and ensuring fair practices in subcontracting chains require effective enforcement measures that combine modern digital tools, robust labour inspections, a stronger ELA and effective sanctions.

5a. Social ID Cards and Other Digital Enforcement Tools

Digital tools are essential for improving transparency and addressing fraud in cross-border subcontracting chains. The EFBWW, together with FIEC, [advocates for effective European digital enforcement tools](#) applicable to all companies and workers in Europe. These tools would reduce social dumping and enhance compliance with labour laws.

The EFBWW's joint project with FIEC, 'Social ID Cards in the Construction Sector' ([SIDE-CIC](#)), offers a foundation for **developing an EU framework for social ID card schemes**. Successful national practices, such as Finland's Valtti-card, Belgium's Construbadge and Norway's Jobbkort, demonstrate the potential of these systems in reducing abuse in subcontracting chains.

The EFBWW is closely monitoring the development of the European Social Security Pass ([ESSPASS](#)), which aims to digitalise entitlement documents like the European Health Insurance Card and enable real-time verification across borders. ESSPASS could be a tool not only to strengthen social security rights and worker mobility, but to better tackle abusive subcontracting practices. Additionally, the EFBWW calls for **the introduction of a 'European Social Security Number'** for all workers to further support better coordination of social security across the EU. Finally, digital company registers must be established with minimum EU standards to enhance cross-border enforcement. These registers should include essential details, such as company founders and worker identities, to improve oversight and prevent fraud in subcontracting chains.

5b. Labour Inspections and Complaint Mechanisms

Digital enforcement tools must go hand-in-hand with effective labour inspections to ensure compliance. The EFBWW advocates for new EU rules, setting minimum standards for labour inspections, in line with ILO Convention No. 81. These rules should guarantee sufficient resources, staffing and inspection frequency, addressing both national and cross-border enforcement needs. Labour inspectors must have the authority to access workplaces without prior notice, examine conditions and interview workers and employers. They should also have digital access to employment and social security records for effective enforcement. Enhanced cross-border data exchange between enforcement authorities in areas such as working conditions, occupational safety and taxation will be essential for improving oversight. Additionally, workers, trade unions and third parties must have the ability to file complaints through effective mechanisms, addressing the current barriers for mobile and migrant workers. These measures will strengthen enforcement and protect vulnerable workers in the construction sector.

5c. Strengthened European Labour Authority (ELA)

EFBWW has advocated for many years the need for an EU Agency that would assist national enforcement authorities with complex cross-border cases of fraud and to increase the effectiveness of enforcement across borders. The EFBWW has welcomed the creation of ELA in 2019. After an initial start-up phase, the time has now come to strengthen ELA's enforcement mandate. In line with the strong coordination competences of Europol, the EFBWW calls for an ELA that can operate as a social Europol with strong and clear enforcement competences. The EFBWW highlights in particular the essential role that ELA should play in addressing abusive subcontracting practices in the construction sector. In its [2023 report on construction](#), ELA identified subcontracting as a significant source of exploitation and evasion of labour laws. The ELA-coordinated campaign on construction and the [Week of Action in March 2024](#) reinforced these concerns, revealing systemic non-compliance in subcontracting chains, including the use of letterbox companies, bogus posting and undeclared third-country nationals. During the Week of Action, 654 workers were interviewed, 191 companies were inspected, and authorities uncovered multiple violations related to working conditions, employment status and social security fraud. To effectively address these challenges, the EFBWW calls for a stronger ELA with an expanded mandate and increased capacity to enforce labour rights across the EU. ELA must play a more proactive role in monitoring and coordinating enforcement efforts across borders, ensuring that subcontracting does not serve as a vehicle for exploitation.

The EFBWW calls for ELA to:

- Collaborate with EUROFOUND and national statistical authorities for an **Enhanced Data Aggregation** to refine data quality and consistency across member states. This collaboration should prioritize data collection on national inspections and their outcomes in key sectors and should contribute to **develop a statistical observatory** within ELA to track trends in social dumping and labour crimes. Such comprehensive data aggregation is paramount for effective decision-making.
- **Conduct targeted inspections** focused on subcontracting chains in construction. These inspections should address illegal practices, including the use of letterbox companies, labour-only intermediaries and fraudulent subcontractors. ELA should also coordinate more and better joint and concerted inspections with national authorities;
- **Enhance cross-border enforcement coordination** related to subcontracting, supporting national authorities in enforcing labour laws and collective agreements;
- **Improve transparency** by advocating for registers of subcontractors and requiring the main contractors to disclose their subcontracting arrangements;
- **Support national enforcement bodies** and sectoral social partners by providing technical assistance, data-sharing and training to strengthen oversight of subcontracting practices;
- **Establish a construction-specific unit within ELA**, in close collaboration with the sectoral social partners, to monitor subcontracting practices and other vehicles for social dumping. ELA should then issue recommendations on enforcement strategies tailored to the construction sector.
- **Work with national enforcement authorities to impose fines** on companies violating labour laws and making sure that such sanctions are effectively enforced across Member States, preventing firms from escaping liability by relocating operations.

[The EFBWW fully supports expanding ELA's role](#) to improve data collection, strengthen enforcement against abusive subcontracting. A stronger ELA, equipped with more resources, legal authority and enforcement capacity, is essential to making these demands possible. [EFBWW and FIEC have released joint recommendations](#) on strengthening the role of ELA in March 2024, which reflect these demands.

5d. Effective and Dissuasive Sanctions across Borders

The EFBWW calls for effective and dissuasive sanctions across Member States to ensure that breaches of labour laws, social standards and occupational safety are met with dissuasive penalties. These sanctions should include financial fines, exclusion from public contracts and blacklisting for repeat offenders. Cross-border enforcement must be strengthened, with mechanisms to ensure penalties imposed in one Member State are recognised and enforced EU-wide. By integrating digital tools, stronger inspections and enhanced coordination by ELA, sanctions can become a powerful tool to uphold workers' rights and ensure accountability.

SOLESİ CASE: A LONG FIGHT FOR JUSTICE

In 2013, the Italian company Solesı was hired to expand Dong Energy's oil terminal in Fredericia, Denmark, as part of a €270 billion project. Danish trade union 3F found that 130 Italian and Romanian workers were being underpaid, breaking the collective agreement rules. Solesı, part of the IREM group, refused to pay the wages owed, starting a long legal fight.

The Danish Labour Court said in 2017 that Solesı must pay €2 million to the workers, but the company appealed the decision in Denmark and then in Italy. Italian courts at first refused to accept the Danish ruling, saying it did not follow their national laws. Only in 2024, after more than ten years, did workers finally receive the money owed to them.

The Solesı case is not an isolated incident. It is part of a broader pattern of worker exploitation and evasion by the parent company, IREM Group, which has been at the centre of multiple labour rights violations across Europe. Time and again, IREM and its subsidiaries, including Solesı, have used subcontracting chains and legal loopholes to underpay workers, avoid responsibility, and delay justice through lengthy legal battles.

In 2005, the Italian construction company IREM was operating in Sweden and was accused of exploiting two hundred Thai workers. The horrific situation only came to an end after the Swedish trade union Byggnads intervened, and after strikes and demonstrations took place.

In 2009, IREM was involved in the Lindsey Oil Refinery dispute in the United Kingdom, where it hired Italian and Portuguese workers under conditions that provoked mass protests from local contractors. The strikes, which spread across the country, highlighted how IREM's reliance on foreign labour at lower wages was used to bypass local employment agreements. This was a clear example of wage dumping facilitated by subcontracting.

Yet again, IREM was at the centre of controversy in Belgium more recently. In 2022, its role as a contractor in the Borealis Kallo project resulted in one of the biggest labour fraud scandals in Belgian history. Subcontractors working under IREM were accused of severe wage theft and even human trafficking, leading Borealis to terminate IREM's contracts. Despite the exposure of these abuses, IREM has continued securing contracts across Europe, with little accountability.

This pattern of exploitation and acting with impunity shows how companies like IREM exploit weak subcontracting regulations to operate without consequences. The Solesı case in Denmark demonstrates how even when companies are convicted, they can drag out legal proceedings for over a decade, using the lack of effective cross-border enforcement and legal disputes to delay or escape penalties.

Timeline

2013

- Solesı is contracted to expand Dong Energy's (now Ørsted) oil terminal in Fredericia, Denmark, for a project worth 2 billion DKK (€270 million).
- Danish trade union 3F discovers extensive underpayment of 130 construction workers on the site.
- After failed attempts at dialogue with Solesı, 3F initiates a case in the Danish labour court.

2014

- 3F initiates a case regarding wage fraud at the Dong construction site.
- Solesı is fined 400,000 DKK (€53,615) for underpaying 8 employees, following threats and intimidation of 3F members in court.
- Solesı refuses to pay, prompting 3F to escalate the case to the bailiff's courts (Fogedretten).

2015

- The bailiff's courts order Solesı to pay the fine or recover the amount via the main contractor.
- Solesı continues to refuse payment.

2017

- 3F returns to the Danish Labour Court, seeking 14 million DKK (€2 million) for 130 employees underpaid in violation of the collective bargaining agreement.
- The court rules in favour of 3F, ordering Solesı to pay the amount.
- Solesı attempts to overturn the judgment through the EU, but the Danish Labour Court rejects the appeal.

2018

- Solesı challenges the Danish judgment in the Civil Court of Syracuse (Italy), arguing it conflicts with Italian legal principles, EU rules and the European Convention on Human Rights.
- The Syracuse court rules that the Danish judgment cannot be enforced in Italy, citing "ordre public."

2021

- The Court of Appeal in Catania, Sicily, overturns the Syracuse decision, ruling that Solesı must comply with the Danish Labour Court's judgment.
- Solesı appeals to the Italian Constitutional Court.

2021 2023

- The Italian Constitutional Court upholds the ruling in favour of 3F, enabling enforcement of the Danish Labour Court's judgment in Italy.

2024

- In May, the bailiff's courts announce that frozen funds can be used to fulfil the judgment, and 3F receives the funds shortly thereafter.
- The interest on the penalty amount is to be settled between the parties.

6. Mandatory Due Diligence

With the Directive on Corporate Sustainability Due Diligence (CSDDD) now signed into law, the EFBWW highlights the urgent need for its effective transposition and implementation. The new rules, as outlined in Article 1 of Directive 2024/1760, strengthen tools for workers and unions to safeguard rights on construction sites. To achieve these goals, due diligence must go beyond being a procedural obligation and ensure meaningful protections for workers across subcontracting chains.

Subcontracting must always be considered as a risk factor when carrying out due diligence.

Due diligence obligations are essential for identifying and mitigating risks such as wage theft, bogus self-employment, unsafe working conditions and breaches of labour laws. However, these obligations must not replace joint and several liability, which is addressed separately in **Point 4**.

The EFBWW calls on the EU and Member States to adopt binding due diligence legislation that genuinely protects workers' rights and enhances accountability in the construction sector.

- **Main contractors must thoroughly evaluate their subcontractors** before entering into contract. This must include an evaluation of subcontractors' track record of compliance with labour laws, collective agreements and OSH standards. Assessments should address risks at every level of the value chain, ensuring that due diligence is not limited to direct subcontractors.
- **Independent, external audits should be required** to verify compliance with due diligence. Labour inspections and enforcement authorities must be empowered to review and challenge audit findings.
- **EWCs can help identify risks**, monitor compliance and advocate for improvements, ensuring that workers' perspectives are integrated into corporate practices (read more in **Point 7**).

Non-compliance must lead to significant penalties, blacklisting and other deterrent measures.

Furthermore, victims of breaches must have access to legal remedies to recover unpaid wages and other entitlements, per Article 14 of CSDDD.

The EFBWW strongly opposes efforts to weaken due diligence requirements in the name of 'simplification'. The European Commission's Omnibus Package and its broader simplification agenda raise concerns that due diligence obligations could be diluted, turning them into a box-ticking exercise rather than an effective enforcement tool.

The EFBWW warns that simplification should not mean lowering standards but must instead ensure stronger and more enforceable worker protections. Subcontracting must always be recognised as a high-risk factor when carrying out due diligence and companies must be held accountable for labour violations in their subcontracting chains.

MÖSSINGEN FIBRE OPTIC CASE

25 Serbian workers were laying fibre optic cables on behalf of Deutsche Glasfaser in autumn 2023 in Mössingen, Baden-Württemberg. The workers received different parts of their wages, but large parts are still outstanding.

The total amount of unpaid wages is over 90,000 Euros gross.

In this case, we are dealing with a long chain of subcontractors with many links, in which the main contractor cannot be clearly identified. Two large groups of construction workers were sent to Germany via Slovenian and Croatian companies to carry out a contract for a German company. This German company was itself only a subcontractor. The consultant from Faire Mobilität Stuttgart issued payment requests for all 25 construction workers to five subcontractors as well as to the client. However, there was no response.

The Croatian subcontractor had neither A1 certificates nor employment contracts or payrolls for its employees. Representatives of Deutsche Glasfaser referred to another company and then stopped responding to messages. Almost a year after completion of the work, the construction workers had not received their wages.



7. Empower Trade Union Representatives and European Works Councils

The EFBWW calls for stronger roles for trade union and worker representatives at all levels of a company to monitor and enforce workers' rights within supply and subcontracting chains. **Representatives must have full access to all relevant information regarding subcontracting**, outsourcing and purchasing policies as well as be granted the right to conduct site visits and audits.

To achieve this, the EFBWW calls for enhanced workers' rights to information, consultation and participation.

A key demand is for the European Commission to deliver an ambitious revision of the EWC Directive 2009/38/EC, aligned with the European Parliament's report in 2023. Subcontracting, outsourcing and purchasing must be fully integrated into the information and consultation processes of European Works Councils (EWCs).

The EFBWW also emphasises the need for EWCs to:

- build networks with trade unions, experts and members of national and local works councils.
- receive appropriate training to strengthen scrutiny of companies' subcontracting policies.
- identify and address risk factors in the company's operations.

A revised EWC Directive must ensure that EWCs have access to effective legal remedies when companies fail to respect their consultation rights. Strengthened participation mechanisms will ensure that workers' voices are heard and their rights are protected across all tiers of subcontracting and supply chains.

EFBWW'S TOOLKIT TO EMPOWER EWC REPRESENTATIVES

[EFBWW's toolkit for EWC representatives](#) provides a structured strategy to tackle social, labour and environmental risks in subcontracting chains. It equips EWCs with the legal frameworks, investigative tools and escalation strategies needed to hold companies accountable for their supply chains.

The toolkit outlines a progressive action plan for EWC Representatives to follow:

- 1. Participatory Actions:** EWCs should begin by pushing for transparency and accountability in subcontracting. This includes negotiating due diligence policies, global and local agreements, and strengthening consultation mechanisms to influence corporate decisions, strengthen mediation mechanisms and influence legislative processes
- 2. Mediation Based on a State Non-Judicial System:** Next, EWCs can engage external actors such as OECD National Contact Points, labour inspectorates, ILO trade union-company dialogue and public ombudsmen to mediate disputes and demand corrective actions.
- 3. Offensive Actions:** If companies still fail to act, EWCs should then escalate pressure through media campaigns and collective actions, including strikes, to expose abuses in subcontracting chains and force accountability.
- 4. Legal Action:** As a last resort, EWCs can pursue legal action, taking companies to court to enforce compliance with due diligence and subcontracting rules.

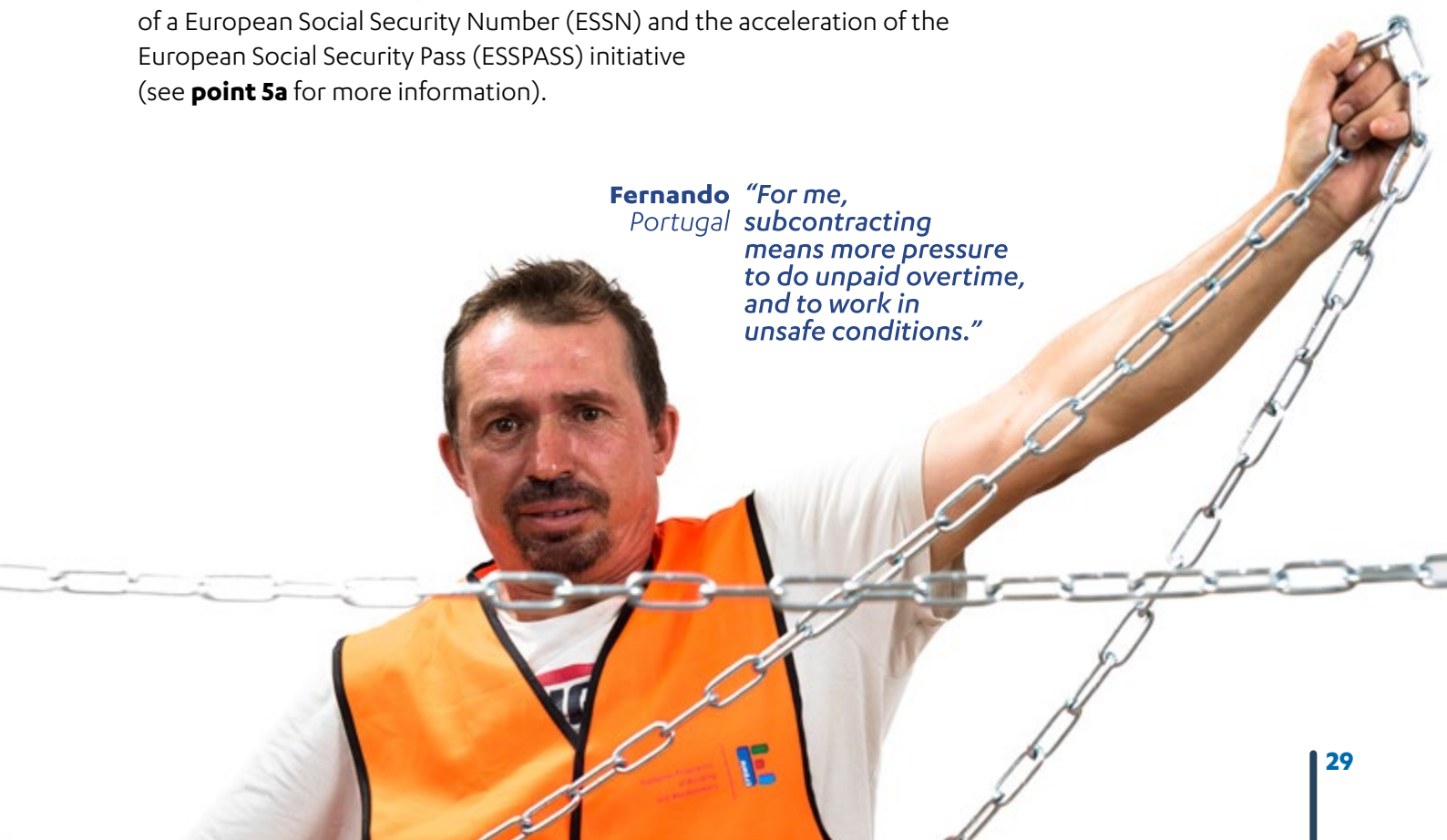
The toolkit makes clear that subcontracting chains create risks when left unchecked. It highlights that limiting subcontracting to tier 1 is essential for companies to maintain control over working conditions. The decentralisation of purchasing decisions in many multinationals, such as Vinci, makes supplier databases and risk-mapping essential tools for enforcement.

8. Social Protection for All Workers

Ensuring social protection for all workers is essential to combat exploitation and uphold fair treatment, particularly in the construction sector. The revision of Regulations 883/2004 and 987/2009 on the coordination of social security systems is a long-overdue opportunity to improve protections for workers in cross-border employment. These regulations are crucial for the construction sector, where mobility is high and workers are particularly vulnerable to exploitation and fraud. The EFBWW calls for the swift conclusion to the negotiations to finalise this revision. A priority demand is the removal of any exemptions to **mandatory prior notification for posted workers in construction**. This measure is essential to preventing fraud and ensuring accurate declarations of wages, working hours and social security contributions.

Too many workers find themselves underinsured or entirely uninsured, leaving them vulnerable and unsupported in the event of work-related accidents. In 2022, the European Union [recorded 3,286 fatal accidents at work](#), with the construction sector accounting for nearly a quarter of these fatalities. This alarming statistic underscores the urgent need for proper social protection mechanisms to ensure that workers receive adequate support and compensation following work-related incidents.

To address these challenges, the EFBWW advocates for the implementation of a European Social Security Number (ESSN) and the acceleration of the European Social Security Pass (ESSPASS) initiative (see **point 5a** for more information).

A man with a beard and mustache, wearing an orange safety vest over a white t-shirt, is holding a thick metal chain with his right hand. The chain runs horizontally across the frame, and he is pulling it upwards. The background is plain white.

Fernando
Portugal *"For me, subcontracting means more pressure to do unpaid overtime, and to work in unsafe conditions."*

SLOVENIA'S STATE-AIDED EXPLOITATION: THE 'POSTING BONUS'

For years, Slovenia's state-aided business model for posting workers exploited loopholes in EU social security rules, allowing companies to underpay social contributions for thousands of TCNs. EFBWW and Austrian trade union GBH exposed this in 2019, filing a complaint with the Commission's DG Competition over Slovenia's unfair advantage in posting.

Slovenia, one of the biggest exporters of foreign workers in the EU proportionally, used a system where posted workers' (often from Serbia and Bosnia and Herzegovina) social security contributions were based on Slovenian wages, even when working in higher-wage countries like Austria and Germany. This artificially lowered labour costs, undermined social protection for workers and created a €128 million gap in unpaid contributions every year.^a

This practice was abolished in 2024, but it highlights a much larger problem. Similar loopholes in social security coordination rules continue to exist across Member States, allowing companies to abuse the system and leave posted workers with reduced social benefits and weaker protections.

EFBWW insists that all workers must be fully covered by social security contributions in their country of work, and that Member States must prevent companies from using posting as a tool for social dumping.^b Scrutiny of other national schemes is now essential to prevent the continued exploitation of workers through gaps in EU law.

^a Mojca Vah Jevšnik, Sanja Cukut Krilić & Kristina Toplak (2021), *Posting.Stat: Posted Workers from Slovenia – Facts and Figures*, HIVA Research Institute for Work and Society. Available at: https://hiva.kuleuven.be/en/news/docs/ZKD9978_POSTING_STAT_Slovenia_Posted_workers_from_slovenia_facts_and_figures

^b EFBWW, 'EFBWW and GBH regret the delays in the process against Slovenian state aid business model', 23 June 2022. Available at: <https://www.efbww.eu/news/efbww-and-gbh-regret-the-delays-in-the-process-against-slovenian/3362-a>

9. Guaranteed Occupational Safety and Health Standards

The EFBWW demands stronger guarantees for OSH standards across all tiers of subcontracting chains. In the construction sector, complex and multi-layered subcontracting often leads to inconsistent OSH practices, placing workers at greater risk of accidents, injuries and health problems. The lack of uniform health and safety standards across subcontractors undermines worker protections and creates hazardous working conditions, particularly for migrant and cross-border workers.

We call for the introduction of binding EU rules that mandate minimum OSH standards for all subcontractors, regardless of their position in the chain. This directive must require that all subcontractors, including those operating across borders, comply with the highest OSH standards applicable in the host country and can demonstrate that all workers have received the same level of OSH training and personal protective equipment. It should also ensure that general contractors are held accountable for enforcing these standards throughout the subcontracting chain, ensuring that no worker is exposed to unsafe conditions.

Moreover, mandatory OSH training and certification for all workers should be introduced, combined with regular inspections. These standards must be supported by monitoring, enforcement and penalties for non-compliance. Ensuring that every worker has access to safe working conditions is critical to preventing accidents, promoting worker well-being and fostering a sustainable and socially responsible construction sector.

Mohamed *“I want
Bangladesh equal treatment,
equal pay and
equal rights!”*



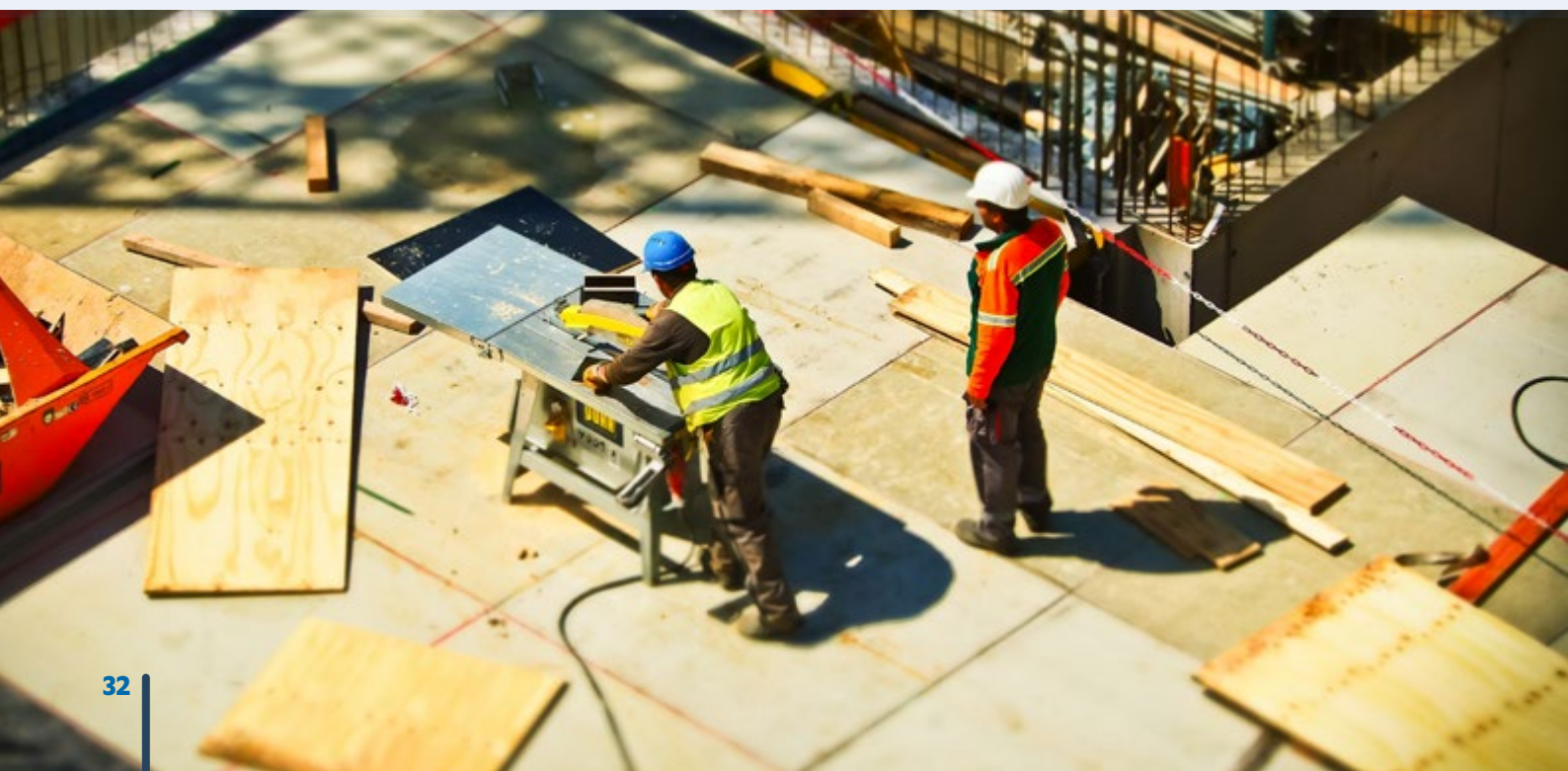
ENOUGH IS ENOUGH: ZERO ACCIDENTS IN CONSTRUCTION NOW!

Between October 2023 and February 2024, more than 30 construction workers lost their lives on worksites across Europe.

Many were cross-border or migrant workers, frequently trapped in irresponsible subcontracting chains, bogus self-employment and poorly enforced safety standards. Despite existing OSH regulations, fatal construction accidents are increasing across Europe, with many cases going unreported.

- Italy, February 2024 – Five workers killed in a Florence building collapse, four of whom were migrant workers.
- Netherlands, February 2024 – Two workers killed in a crane accident.
- France, January 2024 – Two workers killed in a wall collapse; official data shows one construction fatality per day in France.
- Spain, December 2023 – Nine workers killed in one month, double the previous month's toll.
- Sweden, December 2023 – Five workers killed in a major accident, followed by another fatality days later.
- Germany, October 2023 – Four workers killed in a scaffold collapse inside an elevator shaft.

These tragedies expose the systemic failures in protecting construction workers. Migrant and posted workers remain particularly vulnerable due to a lack of proper OSH training, language barriers and weak enforcement of subcontracting regulations.



10. Same Work, Same Rights, Same Salary

European and national legislation must guarantee equal treatment in all public and private procurement, so that the subcontractor applies to its workers the same working conditions and social security rights as the main contractor applies, including the same collective agreements. Equal treatment for all workers in the subcontracting chain, including all cross-border and migrant workers, is a matter of fundamental social rights and human dignity.

ENSURING EQUAL TREATMENT FOR THIRD-COUNTRY NATIONALS IN CONSTRUCTION

EFBWW and FIEC carried out a joint project on TCNs in the European construction labour market through the Future of the European Labour Market in Construction (FELM) project. The findings highlight serious concerns about exploitation and unequal treatment of TCNs, particularly in subcontracting chains.

One example from Romania in 2019 exposed the conditions of 200 Vietnamese construction workers. They were required to work up to 60 hours per week, well beyond the Romanian legal limit of 48 hours – including overtime. Their contracts stated that if they failed to complete all hours, their wages would be deducted. Despite these excessive hours, they were paid as little as \$650 per month during winter, rising to \$750 in spring, far below industry standards. The contracts also contained an illegal clause banning them from participating in strikes.

Beyond low pay and long hours, the workers were housed in overcrowded containers, with twelve people sharing a space the size of a studio flat. Two hundred workers were forced to share six toilets and nine showers. Meals were provided but were reportedly the same every day and of poor quality. Even transport to the construction site was controlled by the employer, with workers packed tightly into vehicles. Safety equipment was inadequate, putting workers at even greater risk.

When these conditions were exposed in the media, rather than addressing the issues, the employer retaliated by installing surveillance cameras to monitor workers and identify those who had spoken out.

This case demonstrates the urgent need to ensure equal treatment of all workers, regardless of nationality. EFBWW and FIEC argue that stronger enforcement of labour laws and better oversight of subcontracting chains are essential to stop these abuses and ensure fair conditions for all construction workers.

WHO'S THE
BOSS?





STOP EXPLOITATION IN SUBCONTRACTING CHAINS!



**The EFBWW urgently calls
for new rules on subcontracting
and their enforcement**

www.efbww.eu