



TOGETHER FOR A FAIR DEAL FOR WORKERS

EL/LR
Brussels, 27 January 2025

Ms Ursula von der Leyen
President of the European
Commission

[Letter sent by e-mail]

Urgent need to address growing concerns that the Competitiveness Compass will create a race to the bottom

Dear President of the European Commission Ms von der Leyen,

As you know the ETUC has called for the Competitiveness Compass to have Quality Jobs as a cardinal direction (please find our previous letter attached). I am contacting you today to raise our growing concern, from the leaked version of the Compass, that the direction is now pointing more towards a race to the bottom.

Not only are the necessary guarantees and assurances that workers' rights, pay and conditions will not be negatively impacted by the deregulation and simplification agenda absent from the Compass, but there is now an extra threat that labour law will be part of the single set of harmonised rules for companies under a new proposal for the 28th company regime.

The last attempt by the EU to have a single set of employment rules was met with outcry and was actively opposed by workers throughout the EU. The so-called Bolkestein Directive was built on the unacceptable principle that employers could apply the 'country of origin principle' creating the danger of forum shopping and social dumping, undermining national industrial relation systems, and threatening trade unions' ability to bargain or take collective action to enforce or secure better conditions. The Commission was right to drop that approach – following trade union protests all across Europe.

Reheating this failed approach under the 28th company regime would be a serious mistake.

It would also be a serious mistake to attempt to adopt a harmonised set of rules by taking up the “gold-plating” arguments and attempt to make EU Employment Directives the only obligation on employers applying the 28th company regime.

EU employment rights Directives aim at protecting a floor of decency in the single market, they are not a maximum. It must be recalled that the EU Treaties provide that **Member States must be free to set more protective employment rights** than the minimum standards in the various EU Directives. In addition, workers must be free to collectively bargain for higher standards and rights and to take collective action in defence of their interests.

Requiring employers to comply only with a minimum regime of harmonised EU employment rights and standards while at the same time allowing them to avoid all national employment rights and standards as defined by Member States or social partners at national, sectoral, and regional level would be a recipe for disaster.



I have raised these strong concerns with Vice-President Minzatu during the meeting with European cross-sectoral social partners on the 2025 Commission Work Programme last week.

Our recommendation is that the Competitiveness Compass must lead forward not backwards. It must steer the direction away from the dangers inherent in a deregulation agenda that could lower employment rights and standards, or create obstacles to legislative initiatives needed to deliver better working and living conditions. High-quality jobs, good working conditions and social dialogue and collective bargaining are a key lever to drive competitiveness forward, they are not holding it back, and indeed this point was made by Draghi in his report.

I urge the Commission to avoid creating a fear that the Competitiveness Compass would become a threat to working people. Confidence needs to be restored. This requires clear communication about how the Competitiveness Compass will create Quality Jobs and improved working conditions. Importantly the Compass should stress that **the forthcoming Quality Jobs Package** will include the necessary investments and legislative initiatives to deliver quality jobs. **The Quality Jobs Package** needs to come on stream in the first semester of 2025.

In addition, the Compass should include a **clear statement on the safeguards that will ensure that burden reduction or simplification initiatives such as the 28th company regime would not bring within their scope labour law, employment rights and standards**, or their enforcement, including the right to strike and collective bargaining.

Looking forward to your positive reply, I would like to thank you in advance and we remain available for any further exchanges on this matter.

Best regards,

Esther Lynch,
General Secretary of the European Trade Union Confederation