



For an EU Directive on subcontracting and labour intermediation

Resolution adopted at the Executive Committee meeting of 1-2 October 2025

The ETUC is calling for an EU Directive to urgently tackle abuses in subcontracting and labour intermediation.

This resolution outlines the call from the European trade union movement for a EU Directive to regulate labour intermediaries and introduce an EU-wide legal framework to limit subcontracting and ensure joint and several liability throughout the subcontracting chain. This legislative initiative is essential to tackle abuses in subcontracting and labour intermediation.

Over the last years trade unions at sectoral and national level have mobilised to bring abusive subcontracting practices and unregulated labour intermediation onto the political agenda. At European sectoral level, the mobilisation by EFBWW, EFFAT and ETF has been of high importance. In full support of this mobilisation and building upon its previous positions, the ETUC is calling for an EU Directive to urgently tackle abuses in subcontracting and labour intermediation.

The increasing use of long and complex subcontracting chains and fraudulent labour intermediation are key drivers of labour exploitation, undermining workers' rights, decent work, collective bargaining, and fair competition in the internal market. These practices enable companies to blur responsibility for compliance with workers' and trade union rights, employment standards and collective agreements, occupational health and safety rules. This is especially the case in fraud-sensitive sectors such as construction, transport, agriculture, food processing, cleaning, fishing and seafaring, catering and hospitality. However, this is also becoming an increasing trend in other sectors, most notably in manufacturing, with the textile and shipbuilding sectors most affected.

In recent years, many deaths and injuries because of unsafe or hazardous working conditions and cases of labour exploitation have exposed the human and social cost of these practices. They should have prevented. Often these situations are also connected with labour crime, including gangmaster practices, human trafficking and forced labour. It is all too clear that criminal activity and organisations have in many cases infiltrated our labour markets and migrant workers need better and stronger protection at both national and European level.

Existing EU rules on posting, temporary agency work, labour mobility, migration, OSH and public procurement do not effectively tackle the emergence of business models whereby companies engage in chains of intermediaries and subcontractors to reduce costs and evade responsibility. This lack of dedicated EU legislation raises important challenges that must be addressed. Local and national labour markets have their distinct traits that often leads to different challenges that needs to be solved through laws and collective agreements as well. It's important that EU legislation fully respect the possibility for national and local authorities and social partners to maintain or introduce more stringent protective measures.

When workers get trapped in complex chains, liability becomes unclear and enforcement nearly impossible. Fraudulent practices such as letterbox companies, fake





postings, bogus agency work, false self-employment and gangmaster schemes are often connected with abusive subcontracting and labour intermediation, depriving workers of their rights while allowing the main contractor to escape accountability. Workers face unsafe conditions, wage theft, neglected social contributions, and union busting. Exploitation spreads across borders: workers are often recruited in one country, subcontracted through a second, and exploited in a third. The lack of effective enforcement (inspections and sanctions) allows this system to thrive and expand to the detriment of workers and responsible employers.

The absence of a general EU legal framework on subcontracting and labour intermediation for both cross-border and domestic situations leaves local, mobile and migrant workers exposed to social dumping, artificial arrangements, and opaque business accountability. A comprehensive and ambitious Directive is needed to promote direct employment relations, secure equal treatment with full respect for workers' rights and employment standards, effective enforcement, transparency and accountability across borders and sectors. Furthermore, as subcontracting structures differ from one sector to another, any legislative framework must address these sectoral specificities while ensuring robust protections against exploitation - regardless of the type of commercial or legal contracts between the various business entities.

ETUC demands

The ETUC is calling for a Directive on subcontracting and labour intermediation to address the following key issues through minimum standards, while fully safeguarding national liability schemes, national labour market models, and the autonomy of the social partners:

- **Legal basis.** It is essential that such a Directive be grounded in the social policy chapter of the Treaties: its legal basis shall be Article 153 TFEU.
- **Full chain liability.** The main contractor / client and its subcontractors must be jointly and severally liable for labour and social rights violations throughout the whole contracting chains regardless of the type of commercial or legal contract governing the relationship. Risks should not be shifted onto workers, having to pursue claims chain-link by chain-link. Liability must be comprehensive, covering at least wages, taxes, social security contributions, violation of OSH standards, working time and compliance with labour laws and collective agreements. Safe complaint mechanisms, access to justice, effective remedies and dissuasive sanctions should help workers and enforcers hold businesses to account.
- **Maximum chain length and direct employment for core business activities.** Subcontracting must be effectively regulated, whereas the direct employment relationship should remain the norm. Chains must be limited to one or, in the case of exceptional and justified cases a maximum of two sub-levels, whereas financial and labour-only subcontracting should be prohibited altogether. Subcontracting of core business activities must be prohibited, and only direct employment should be permitted for such activities. Subcontracting may not concern the predominant execution of works and services. The Directive must ensure the engagement of qualified subcontractors and introduce stringent controls against criminal infiltration and exploitation, and guarantee compliance with training requirements and safety standards.
- **Regulated intermediation.** To prevent fraudulent intermediaries, abusive conditions, gangmaster practices and to improve transparency and controls, labour intermediaries must be regulated, registered in the EU and subject to clear quality standards and obligations, including applicable labour law and collective agreements. Intermediaries should not impose any fee on workers for recruitment, travel, accommodation or training. In construction, labour intermediation and agency postings should be prohibited.



- **Equal treatment.** Subcontracting companies be subject to the same rules as the main contractor / client, including compliance with applicable collective agreements, health and safety standards, social security and tax obligations, professional qualifications, and legal compliance. All workers performing the same work in the same workplace must enjoy equal pay, conditions, and protection, irrespective of their contractual form of employment and immigration status. Respect for collective agreements must be ensured throughout the subcontracting chain and circumvention through agreements by yellow unions or less favourable agreements must be prevented.
- **Trade union access.** Subcontracting is no excuse to avoid social dialogue and collective bargaining. Trade unions and workers' representatives must have access to the workplace(s), relevant information, the rights and means to effectively defend the interest of all workers in the subcontracting chain.
- **Decent Accommodation.** In cases where accommodation is provided by employers or intermediaries it must be arranged independently from the employment contract to avoid any associated further dependency with the employer. Equally Member States shall ensure that the termination of the employment contract does not automatically entail the termination of the accommodation's contract. Likewise, non-EEA work permit holders should not automatically have their work permit revoked in the event of their employment contract being terminated. Housing must be decent and meet host-country standards, with costs being limited, fair and transparent. In line with the Posting of Workers Directive, travel, board and lodging must be borne by the employer and reimbursed according to national law or collective agreements, preventing dependency through abusive housing arrangements.
- **Clear definitions.** A substantive definition of "employer" should be included, especially in a context of growing use of digital surveillance technologies and algorithmic management. The ETUC reiterates its demands for a Directive on AI at the workplace.
- **Transparency and traceability.** Main contractors should keep registers of all subcontractors, intermediaries and workers, accessible to labour inspectorates, trade unions and works councils as means to help identifying the real employer and enforce workers' rights. The use of social ID and labour cards should be implemented in high-risk sectors to improve transparency and controls. Moreover, an EU framework should be established for interoperable social ID cards in fraud-sensitive sectors, connected to digital company registers and the future European Social Security Number. These tools must ensure real-time oversight of subcontracting chains and worker entitlements.
- **Monitoring and effective enforcement.** The Directive should increase the frequency and effectiveness of labour inspections. National labour inspectorates and the European Labour Authority must be strengthened with substantial additional human, material and financial resources to investigate cross-border cases, impose sanctions, and collect unpaid wages and social contributions, respecting national trade union roles and prerogatives. Cooperation between national authorities should be reinforced, with interoperable databases increased inspection capacities and targets. Likewise, contractors should carry out due diligence of their subcontractors and intermediaries, while not being exempt from joint and several liability. Abusive and non-compliant companies should be listed in a dedicated European register, including to be used in public procurement. The Directive should explicitly provide for enhanced cooperation mechanisms with non-EU countries closely linked to the internal market, including in monitoring mechanisms and through involvement of social partners. This includes information exchange, mutual recognition of inspections and



sanctions, and coordinated enforcement actions in cross-border subcontracting chains.

- **Public contracts for social progress.** The ETUC reiterates its demands for a revision of the public procurement directives that promote collective bargaining and quality jobs. The revision of the EU Public Procurement Directives should ensure that public money goes to companies that respect workers' and trade union rights, that negotiate with trade unions and whose workers are covered by collective agreements throughout the entire subcontracting chain. Economic operators awarded public contracts should provide quality jobs and direct employment. The revision of the public procurement rules should promote the limitation and regulation of subcontracting (including by ensuring equal treatment, introducing joint and several liability and a limit to the length of the chain to one or, in the case of exceptional and justified cases, a maximum of two sub-levels). To ensure transparency, all companies participating in public procurement, as well as their subcontractors, should be obliged to indicate the name of the 'beneficial owner'.
- **Establishing coherent policy frameworks.** Sectoral policies and rules should aim at deterring business models that push towards abusive subcontracting practices

In annex can be found the **specific proposals of EFBWW, EFFAT, and ETF for a Directive**, which take into account the sectoral realities.

Our actions

The ETUC will continue and reinforce its mobilisation to call for a Directive on subcontracting and labour intermediation to be included in the Quality Jobs Roadmap / Act, by organising events, communication actions and advocacy initiatives (including in view of the European Parliament report).

The ETUC calls on its members to support the mobilisation and actions to make the case for a European Directive – including by highlighting examples and national or sectoral cases.

The ETUC will support trade union initiatives and campaigns to limit and regulate subcontracting and labour intermediation at sectoral and national levels – upon request of our affiliates.