



Public procurement in Europe must respect and strengthen collective bargaining

The European Union has strong **social ambitions** and aims to strengthen the **European social model** based on a central role for social partners in setting policy and defining minimum standards for workers. In the [words](#) of Von Der Leyen: “*Collective bargaining is crucial*”.

At the same time, public authorities spend billions through **public procurement** every year. According to estimations around 250.000 authorities spend roughly € 2 trillion yearly, accounting for about 14%-15% of the European GDP.

The **problem** is that under the current EU rules, there is no requirement that public contractors should engage in collective bargaining or implement collective agreements. In this way, public money can be instrument for unfair competition, create a race to the bottom at the detriment of the essential workers.

In March [2021](#), 106 union leaders from 29 countries called on the EU to change the rules so that public money becomes a lever for social progress. And it can be. European legislation allows, even encourages authorities to include strong social criteria in selecting contractors. Yet still about **one in two** tenders are awarded by looking only at the lowest price criterium. This means that low-wage companies not respecting collective bargaining agreements are given a competitive advantage.

UNI Europa’s **solution** is that public contracts are only awarded to companies that are party to collective agreements, covering at least wages and general working conditions. Those that refuse to bargain or implement collective agreements should be prevented from receiving public contracts. Indeed, we call on the European Commission, legislators and public authorities as well as companies to join us in pushing contractors and subcontractors to engage in collective bargaining and respect collective agreements.

In this way, public money will be used as a force of good and social progress. It will **contribute to** decent work and wages, safe workplaces, more productive companies, better value-for-money for public authorities, satisfied citizens and happier employees. Definitely for the essential workers, low-wage workers and women working in the services industry, a change in procurement policies is long overdue.

Frequently asked questions:

- Are there any **examples**? Yes, regions and local governments in for example Denmark, Spain, Norway and Germany have developed clear requirements for contractors to follow collective agreements. In countries like Malta, Scotland, Sweden and Italy, public authorities give preference to contractors with employee representation and/or collective agreements.
- Isn't this **illegal**? No, the current EU framework clearly allows for social criteria in public spending and even asks countries to take appropriate action. Yet it is often not mandatory for public authorities to require compliance with collective agreements that are not made generally binding. That needs to change.
- Will this not increase **costs**? Unlikely, quite some studies have could not establish any relation between the inclusion of social clauses and the total spending on these contract. There are often hidden costs in cheap contracts leading to higher spending. Additionally, the quality of work of decent employers is higher.
- Will this not **stifle competition**? No, to the contrary, often decent companies do not submit bids if they know that the only criterium is price. Several studies showed that including wage clauses led to more received bids.
- **Who supports** this demand? Many MEPs have already signed a pledge demanding that collective bargaining is respected and invigorated when giving out public contracts. 106 workers' union leaders have sent a open letter in support of this demand. The EESC have frequently underscored the importance of social clauses, the EU Agency for Fundamental Rights (FRA) advised the EU to lead by example and in several countries (e.g. Ireland and US) there are similar discussions.