

European Parliament, Employment and Social Affairs (EMPL) Committee  
Hearing on the Social Impact of Public Procurement  
Brussels, 25 October 2023

**Speech**  
by Oliver Roethig, Regional Secretary, UNI Europa

## **No Social Dumping with Public Money**

Dear Colleagues,

My name is Oliver Roethig. I am the Regional Secretary of UNI Europa, the European Services Workers Union.

We are representing 7 million services workers from 270 unions across Europe.

On public procurement, we are working closely together with the ETUC and other European trade union federations, in particular, EFFAT and EFBWW.

UNI Europa has engaged closely with the MEPs in the Employment and Social Affairs Committee on the topic.

In particular, I would like to thank the many MEPs here who support our campaign and signed the pledge for [#ProcuringDecentWork](#).

Overall, 179 MEPs are now supporting it.

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I have three key messages for you:

- First, EU public procurement rules do not support decent work.
- Second, the rules work neither for workers, companies nor citizens.
- And third, now is the right time to revise the public procurement directive.

It must be one of the social priorities for the next legislative period.

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What we seek is that every worker, working under any public contract, should be covered by the applicable collective agreement!

No social dumping with public money!

And there is an extra benefit with this:

Public procurement gives the EU huge leverage in reaching 80% collective bargaining coverage as set out in the minimum wage directive.

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Let's put it in perspective.

The European Social Fund is 10 billion a year, the EU green deal is around 260 billion a year. Public procurement amounts to 2 trillion each year!

We are not talking about adding new money – we are talking about spending the money better.

Small change, big impact!

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The current legal framework for public procurement results in a vicious circle leading to social dumping.

Simply put, the system is tuned so that public tenders go to the cheapest offer.

The [EMPL committee's study on the social impact of public procurement](#) concludes that in 9 countries up to 95% of contracts are solely based on the lowest price.

This means that undercutters have an advantage over good companies.

It thus creates downward pressure on wages and working conditions in other companies; then throughout a sector and ultimately the whole labour market.

Overall, the result is:

- The quality of services falls.
- Consumers are unsatisfied.
- Citizens feel the state can't deliver.
- Rise of populism.

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Today, UNI Europa published the [Map of Misery](#).

It shows how workers across the EU are exploited by companies with public contracts. They are: unpaid and underpaid, forced to work overtime, and illegally dismissed.

In Denmark, we have the example that interpretation services for all the language requirements of the Ministries of Justice and Immigration were outsourced for the first time. Interpreters and translators were suddenly facing a 60% pay cut. Many left. The quality of translation suffered. After only eight months, the contract was cancelled citing “subpar contract delivery.”

In Latvia, the transport of EP election ballots was held by one company with collective agreement. No problem. Then, for the 2019 elections, the contract was given to a cheaper company. It could not deliver on the contract. Many ballots were found in the garbage and rivers, undermining the democratic integrity of the elections. And here we only talk about the contractors themselves.

The construction workers union EFBWW has a campaign that targets abusive subcontracting practices and limiting subcontracting through public procurement.

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To repeat, the current legislative framework is bad for workers, employers and citizens.

Responsible employers agree.

Several joint statements have been signed by European social partners. Two in UNI Europa’s sectors; cleaning and private security. One in EFFAT’s sector on catering.

In all joint statements, the social partners call on the Commission to consider “*adjusting*” the rules so that “*public contracts are only awarded to companies that are party to or adhere to collective agreements.*”

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One of the key shortcomings the EMPL study presents is legal uncertainty resulting in a fear of litigation.

This is compounded by a voluntary approach so that the legal framework is so loose that rules vary widely among public authorities.

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In short, our solution is:

Revise the public procurement directive so that there is an explicit push by public authorities to have no public contract without collective agreement.

Let me highlight three concrete ways to fix the problem:

- First, ILO standards should be a mandatory exclusion criteria.

- Second, respect for the applicable multi-company collective agreement should be a selection criteria.
- And third, having a more advantageous company collective agreement should give extra award points to contractors.

Beyond that, the EMPL study recommends that EU rules state explicitly:

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The EMPL study gives support to this solution:

Collective agreements “*can never be considered a discriminatory measure*” in public contracts. (recommendation on page 13 of the EMPL study)

And, that collective agreements must be exempted from the link to the subject matter. (recommendation on page 13 of the EMPL study)

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All this would provide a solid basis, but it is not ambitious.

For that, we need to set clear targets.

The EMPL study recommends developing specific directives on labour intensive sectors. (recommendation on page 13 of the EMPL study)

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Green Public procurement provides a blueprint.

This month, UNI Europa published the report “[Green, Pave the Way for Social](#)”.

It shows that the European Commission:

- Already knows that the voluntary approach doesn’t work;
- That there are several ways to promote mandatory criteria in public procurement;
- And that it is already implementing this.

So, let’s do it for collective agreements, too.

One example is that the Commission sets obligatory targets for public procurement. Why do we not do the same regarding the 80% goal for collective bargaining coverage – step-by-step?

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To conclude, it is high time to put these changes on the top of the EU's agenda next term.

Let's work for a fair deal for workers, employers and citizens.

No social dumping with public money.

80% collective bargaining coverage everywhere.

Thank you!