



# DRAFT REPORT

on addressing subcontracting chains and the role of intermediaries in order to  
protect workers' rights  
2025/2133(INI))

Committee on Employment and Social Affairs

Rapporteur: Johan Danielsson

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on addressing subcontracting chains and the role of intermediaries in order to protect workers' rights  
(2025/2133(INI))**

*The European Parliament,*

- having regard to the European Pillar of Social Rights,
- having regard to Directive 96/71/EC concerning the posting of workers in the framework of the provision of services, as amended by Directive (EU) 2018/957,
- having regard to Directive 2014/67/EU on the enforcement of Directive 96/71/EC concerning the posting of workers,
- Having regard to Directive (EU) 2024/1712 of the European Parliament and of the Council of 13 June 2024 amending Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims,
- having regard to the Commission report of 30 April 2024 on the application and implementation of Directive (EU) 2018/957 (COM(2024)0320),
- Having regard to the Commission report of 26 May 2025 on the Evaluation of the European Labour Authority (ELA) (COM/2025/256 final),
- Having regard to the EU Strategic Framework on Health and Safety at Work 2021–2027 (COM(2021) 323 final) including the Vision Zero approach to work-related deaths in the EU,
- Having regard to the Commission publication “Making Socially Responsible Public Procurement Work: 71 Good Practice Cases” (2020)<sup>1</sup>,
- Having regard to the ELA report “Posting of third-country nationals: Contracting chains, recruitment patterns, and enforcement issues” (2025)<sup>2</sup>,
- Having regard to the ELA report “Cooperation practices, possibilities and challenges between Member States – specifically in relation to the posting of third-country nationals” (2023),<sup>3</sup>
- Having regard to the Europol report “Leveraging Legitimacy: How the EU’s most threatening criminal networks abuse legal business structures”,
- Having regard to Article 10 of the ILO Guidelines on general principles of labour inspection,
- Having regard to the ILO Convention concerning Private Employment Agencies (Convention No 181, 1997),
- Having regard to the ILO Convention concerning Safety and Health in Construction (Convention No 167, 1988),
- Having regard to its 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)),

---

<sup>1</sup> <https://data.europa.eu/doi/10.2826/844552>

<sup>2</sup> <https://www.ela.europa.eu/sites/default/files/2025-03/ELA-posting-third-country-nationals-report.pdf>

<sup>3</sup> <https://www.ela.europa.eu/sites/default/files/2023-04/ela-report-posting-third-country-nationals.pdf>

- Having regard to its resolution of 13 March 2025 on social and employment aspects of restructuring processes: the need to protect jobs and workers’ rights (2024/2829(RSP)),
- Having regard to its resolution of 29 February 2024 on the European Labour Authority (2024/2501(INI)),
- Having regard to the La Hulpe Declaration on the Future of the European Pillar of Social Rights from 16 April 2024,
- Having regard to the report by Enrico Letta, entitled “Much more than a Market”,
- Having with regard the Position paper From The Netherlands, Belgium, Denmark, Germany, Italy, Latvia and Luxembourg on EU policy priorities for the Commission period 2024-2029 aimed to Foster genuine and fair posting of third country nationals (TCNs),
- Having regard to the national strategies to combat labour exploitation, forced labour and undeclared work,<sup>4</sup>
- having regard to Rule 55 of its Rules of Procedure,
- having regard to the opinion of the Committee on Internal Market and Consumer Protection,

---

<sup>4</sup>See for instance:

[German Federal Ministry of Labour and Social Affairs’ Nationaler Aktionsplan gegen Arbeitsausbeutung und Zwangsarbeit \(2025\)](#)

[Italian Ministry of Labour and Social Policies’ Piano nazionale per la lotta al lavoro sommerso \(2022\)](#)

[Spanish Ministry of Inclusion, Social Security and Migration’s Plan de Acción contra el Trabajo Forzoso \(2021\)](#)

[Swedish Government’s Nationell strategi mot arbetslivskriminalitet \(2022\)](#)

And additionally:

[Norwegian Government’s Strategi mot arbeidslivskriminalitet \(2021\)](#)

- A. Whereas labour exploitation and abuse in the European labour market constitutes a widespread and urgent challenge, manifesting under various terminologies, including but not limited to work-related crime, undeclared work, grey economy, social dumping, labour exploitation and modern slavery;
- B. Whereas Europol highlights that 86 % of the most threatening criminal networks use legal business structures as part of their criminal activity;
- C. Whereas a common variable in most sectors at high-risk of labour exploitation is high labour intensity combined with a reliance on long and complex subcontracting chains, the presence of abusive labour intermediaries as well as a strong reliance on posted workers, EU-mobile workers and third country nationals;
- D. Whereas according to the European Labour Authority (ELA) the posting of third country nationals is on the rise, with one out of four of posted workers in 2022 being a third country national;
- E. Whereas subcontracting is a well-functioning and important practice in many sectors, facilitating access to specialised expertise; whereas long and complex subcontracting chains can, however, increase risks related to fraud and criminal infiltration, to the occupational health and safety of workers and to unfair competition for enterprises, especially SMEs;
- F. Whereas some Member States have adopted legislation limiting the length of subcontracting chains in certain sectors; Whereas the Commission considers a limitation to the levels of subcontracting and the extension of the subcontracting liability to the full chain as a good practice for Member States; whereas there are also enterprises which have voluntarily restricted the length of their subcontracting chains;
- G. Whereas the practice of labour intermediation is not defined in law and can take many forms, ranging from larger established companies to individual recruiters, informal brokers and even gangmasters;
- H. Whereas labour intermediaries that are neither registered, licensed nor certified are frequently used to obscure and circumvent labour law and employer responsibility;
- I. Whereas the process of regulating subcontracting chains and labour intermediaries at national level can be lengthy and difficult for Member States, not least due to legal ambiguities stemming from internal market rules.

### **Preventing labour exploitation**

1. Stresses the need for a comprehensive European approach to labour exploitation in general, and abusive forms of subcontracting and labour intermediation in particular, and therefore calls for a European strategy to combat labour exploitation;
2. Regrets the lack of legal clarity as regards the possibility for Member States to regulate long and complex subcontracting chains; calls on the Commission to clarify that Member States are not prevented by EU internal market rules from adopting legislation to address long and complex subcontracting chains, including to require direct employment relationships in high risk sectors where feasible and justified by evidence;

3. Reiterates its call<sup>5</sup> on the Commission to consider a framework Directive to address the challenges related to abusive forms of subcontracting and labour intermediation in Europe and for this framework Directive to introduce a general legal framework, limiting subcontracting and ensuring joint and several liability throughout the subcontracting chain, as well as to introduce measures regulating the role and responsibilities of labour intermediaries, other than temporary work agencies;
4. Emphasises that national and regional policies to limit the levels of subcontracting have often been initiated jointly by social partners, including SME representatives; calls on the Commission to set a general rule of a maximum of two levels in the subcontracting chain below the main contractor for sectors with a high risk of labour exploitation; stresses that the identification of national high-risk sectors and the establishment of a process for deviating from the general rule, where duly justified, should be the responsibility of Member States in cooperation with social partners;
5. Notes that the increasing use of subcontracting for core business activities can lead to fragmented workplaces and greater exposure of workers to longer hours, lower wages and job insecurity; calls in this regard on the Commission to ensure equal treatment for equal work and to promote direct employment in sectors where such risks occur;
6. Is concerned about the lack of legal clarity as regards the differentiation between genuine and fraudulent posting situations of third country nationals; calls on the Commission, in line with the Letta report, to review enforcement challenges and take the appropriate initiative to close identified legislative gaps;
7. Stresses the need to better regulate labour market intermediaries; calls on the Commission to ensure labour intermediaries operating in the Union are covered by registration and licensing schemes, as well as to prohibit, in line with ILO convention 181, any fees or costs to workers charged by labour intermediaries, directly or indirectly, in whole or in part;

## **Enforcement and control**

8. Stresses the need for efficient and well-resourced systems for enforcement and control to combat labour exploitation; welcomes the Commission's evaluation report on the ELA and reiterates its call<sup>6</sup> on the Commission to strengthen ELAs mandate;
9. Recalls that Directive 2006/22/EC already sets minimum rules for checking compliance with social legislation in road transport and calls on the Commission to present a legislative initiative to require Member States to ensure an adequate minimum labour inspection capacity for all high-risk sectors, in line with the ILO benchmark of at least one labour inspector per 10 000 workers;
10. Reiterates its calls<sup>7</sup> for a swift roll-out of the ESSPASS system and on improving digital enforcement of social security rights and fair mobility, including real-time

---

<sup>5</sup> [2024/2829\(RSP\)](#)

<sup>6</sup> [2023/2866\(RSP\)](#)

<sup>7</sup> [2021/2620\(RSP\)](#)

verification and exchange of information between enforcement authorities as well as the integration of the ESSPASS with existing national labour card systems;

### **Sanctioning labour exploitation**

11. Notes with concern that individuals subject to trading prohibitions in one Member State can bypass national restrictions by registering and operating a business in another Member State, thus undermining the Single Market; calls on the Commission to ensure automatic mutual recognition of trading prohibitions across Member States as well as timely and secure exchange of relevant information between Member States;
12. Welcomes the use of social conditionalities in national and European funding schemes and programmes linking payments to the respect of workers' rights; calls on the Commission to build on the experiences of social conditionality in the common agricultural policy to ensure EU funding programmes include conditionalities regarding European labour standards;
13. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

Workers in sectors such as construction, agriculture, domestic work, transport and logistics, meat and food processing, cleaning services, hospitality and care work are the backbone of our economy. At the same time, in most European countries, these are sectors that are plagued by persistent levels of abuse, exploitation and fraudulent competition, harming workers as well as legitimate businesses, especially SMEs.

Several tragic workplace incidents in recent years across Member States have exposed the real human costs of losing control over who is ultimately responsible for ensuring compliance with basic health and safety and employment standards, raising fundamental concerns about legal accountability, traceability and control over working conditions.

At the same time, Europol has warned that almost all of Europe's most threatening criminal networks are using legal business structures to gain a foothold in the European economy, with logistics, cash-intensive businesses and construction being particularly affected.

In today's security landscape, the lack of oversight can also present opportunities for hostile actors seeking to gain information on, or disrupt, critical infrastructure, or gain access to security sensitive workplaces.

There is not one single factor driving labour exploitation and the risks it represents to European workplaces. However, there are certain variables that keep recurring in national and European studies as well as in reports from enforcement authorities. One of those is the increasing reliance on long and complex subcontracting chains and the other is the presence of abusive labour intermediation. Together these two interconnected practices make it more difficult for authorities to prevent and detect fraudulent or criminal actors from entering a workplace.

For many workers and businesses on the ground, this does not come as a surprise. The rise of workplaces without adequate control and where responsibility is divided up, diluted and pushed downstream has been the source of discontent for many years.

In response to these challenges, Member States have tried to step up, tightening controls and taking action to prevent the most common forms of abuse. They have made efforts to limit long subcontracting chains, strengthen liability requirements, increase information exchange and set up specific control units focussing on detecting and rooting out labour exploitation and abuse. National and sectoral social partners have also stepped up to the challenge and taken autonomous initiatives to help clean up their sectors as well as jointly pushed their governments to do more. It is clear these efforts have had important positive effects, but it is also clear it is not enough and that more needs to be done.

The challenges are particularly felt when dealing with companies operating across borders, as cross-border cooperation between enforcement authorities, information exchange and legal frameworks have not kept pace with the developments on the ground. Without a united

European response, it becomes easier for fraudulent and criminal actors to exploit weaknesses of the Single Market. There are also several instances where Member States have faced legal challenges when taking action against labour exploitation and to ensure fair competition, often with reference to Union law.

Labour exploitation in general, and abusive forms of subcontracting and labour intermediation in particular, therefore requires a coordinated response at European level.

A successful response to these challenges must mean making the business-models of fraudsters and criminals unprofitable, thus protecting workers and making life easier for all law-abiding businesses. This response should be based on three pillars:

1. Prevention, making it as hard as possible to engage in fraudulent activities
2. Control, making the risk of discovery as high as possible
3. Sanctions, making sure the consequences are strongly felt by those who get caught

Ultimately, I hope this report will provide an impetus for intensifying the fight against labour exploitation with a focus on abusive forms of subcontracting and labour intermediation, gathering broad support from across the political aisle and from social partners. While opinions may differ on the precise solutions, it is my sincere hope that we can all depart from the shared recognition that these problems on the European labour market are real, intensifying and in need of urgent attention.