

Position Paper 2024/153

Misusing shortages for a new ‘race to the bottom’? Equal treatment for migrant workers now!

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A year after the European Commission announced a “record tight European labour market”, with “all-time low levels of unemployment of 6.6%,” the records keep breaking: the latest Eurostat figures [report](#) 6.4% unemployment. This is of course good news, however we also need a critical assessment of the figures taking into account youth unemployment, inactivity among marginalised groups, and a holistic approach based on industrial policy, education and training policies, active labour market policies and collective bargaining.¹ We have been calling for good quality jobs and a ‘right to training’ for workers to develop their competences and enhance their employability in view of the twin green and digital transition. However, the message has yet to get through to policymakers. They continue to listen to employers’ ‘easy-fixes’ to meet the EU’s skills and labour shortages with labour migration (but without ensuring equal treatment of migrant workers).

The European Commission has rightfully put the spotlight on the urgent need to tackle Europe’s skills shortages by designating 2023 as the EU ‘[Year of Skills](#)’. But, unfortunately, the [Skills and Talent Mobility Package](#) that the Commission designed to tackle these shortages mainly proposes employers’ ‘easy-fix’ solution of migration, and lacks measures to improve the quality of jobs or a ‘right to training’ for workers’ competence development. The [new legislation](#) includes a digital tool called the ‘EU Talent Pool’. The platform, which is voluntary for EU countries, will match jobseekers from non-EU countries with European employers, and speed up visa and work permit procedures for participating countries.

Meanwhile, there is little progress on the legislation to protect intra-EU mobile workers and third-country migrant workers from social dumping and even from exploitation. The European Labour Authority has carried out more than 100 inspections since it was established in 2019, which have uncovered the exploitation of [building workers](#), [lorry drivers](#), [horeca](#) and [factory workers](#). Non-payment of wages, social security fraud, health and safety breaches and poor-quality accommodation are among the most common rights violations faced by some of Europe’s 10 million mobile workers. A high rate of these violations involved both EU and third-country nationals as victims.

Labour migration must not lead to exploitation. While we welcome the recently published Commission [Recommendation](#) on the recognition of qualifications of third-country nationals, this will not solve the urgent problem of exploitation caused by the fact that migrant workers’ permits are tied to their

¹ Position Paper from 2023: Urgency to invest in workers, training and quality jobs to loosen the tight labour market and meet the shortages [DE](#) [EN](#) [FR](#)

employers. Together with the ETUC and 18 other European-level organisations and networks, we have therefore signed a [Joint Statement calling for equal treatment of migrant workers in Europe](#).

We are at a turning point, not only with the 'European Year of Skills', but also with the 2024 European elections and the upcoming new mandate for the European institutions coinciding with the 20th anniversary of the EU's eastern enlargement and 30th anniversary of the single market. These milestones rightfully ask for an assessment of how the EU's promise of upward-convergence has been met across the European Union. The freedom of movement must be celebrated, but Europe also needs a 'freedom to stay'. Intra-EU mobility is causing a massive [brain drain](#) in Southern and Eastern Europe, which will further widen the existing gap between Member States. The 'freedom to stay' means that everyone should have access to good quality jobs and social services in their home country without being forced to move abroad. Migration must be a choice, not a necessity. The same logic also applies to third-country migration.

We have already explained in our previous [position paper](#) why it is impossible to address the existing skills shortages by depending on labour migration without improving job quality (pay and working conditions) and without ensuring a 'right to training' for workers. Europe's 25 million workers in the manufacturing, mining and energy sectors will need to be re-skilled and up-skilled in the next decade in view of the twin transition. This is impossible without a 'right to training' for competence development. When it comes to labour shortages, especially in view of Europe's demographic changes, labour migration must be made conditional on the equal treatment of migrant workers and the best way to guarantee equal treatment is of course collective agreements.

In this position paper, we are analysing the reality of labour and skills shortages in Europe's industrial manufacturing, mining and energy sectors, by taking into consideration how migration is used (or misused) as a solution. Between January and February 2024, industriAll Europe carried out a survey among national trade union affiliates from 39 countries and 12 industrial sectors, aiming to assess the extent to which labour migration is used to fill shortages and to better understand how workers from abroad are integrated at the workplace. The overall assessment paints a sad picture of social dumping and exploitation of intra-EU mobile workers and migrant workers from third countries. Some cases even show blatant violations that resulted in court sentences of ['human trafficking'](#) and labour crime. In light of this worrying reality, we are presenting our urgent demands for policymakers and employers, as well as recommendations for trade unions, to ensure equal treatment of all workers and for good quality jobs in the transforming industry.

A shortage of quality jobs with a 'right to training' for workers

While working conditions have improved in industries over the past decades (due to technological advancements and trade unions' struggles), many jobs continue to be challenging as a result of shift-work, physical and arduous work, exposure to chemical substances, etc. Attractive pay and fringe benefits are essential to attract workers and especially to convince young ones to opt for industrial jobs. Since the wage advantage compared to other private sectors is constantly decreasing in some industries, it comes as no surprise that nowadays, fewer workers, and particularly young people, choose industrial jobs. Reports from IG Metall in Germany confirm the difficulty in attracting young workers to the steel sector because the remuneration of apprentices has become similar to that of an office clerk. Reports from FGMM-CFDT, FTM-CGT, FO Métaux and CFE-CGC in France also confirm that it is more difficult to convince young workers to opt for jobs in industries, particularly due to the uncertain future prospects caused by the constant delocalisation of the past decades.

Moreover, the figures also prove the need to improve the quality of jobs (pay and working conditions) to increase their attractiveness: Between 2018 and 2022, shortages grew mostly in the manufacturing and

mining sectors, with lower growth in workers' compensation and relatively lower pay.² Wages were generally lower in those sectors where the unfilled vacancy rate increased more over time. Importantly, this relation between the wage levels and the change in shortages was stronger for the industrial sectors. Over the whole of the EU-27 there is a stronger negative relation between worker compensation from 2020-Q4 to 2023-Q3 and job vacancy rate, meaning that unfilled vacancies grew less in those sectors where compensation grew more, with around -0.15 in manufacturing, and -0.10 in the private sector overall:

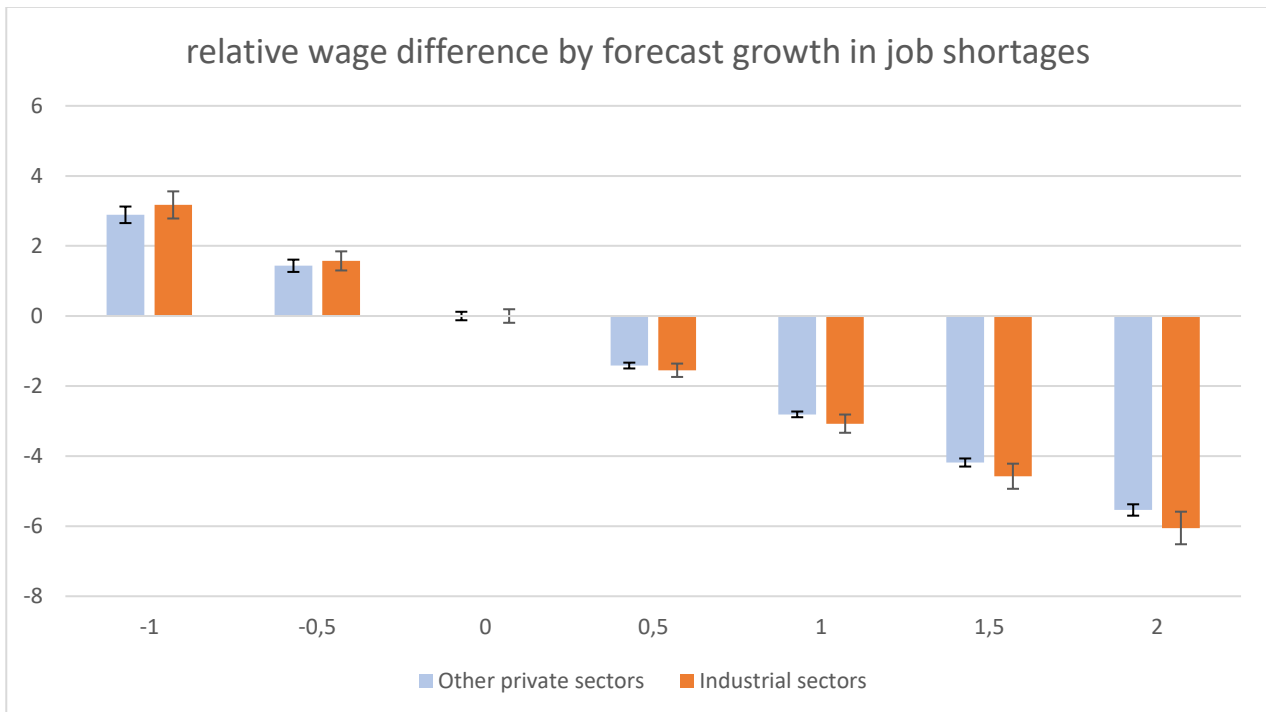


Figure 1: Estimated relation between relative wages in 2018 (y-axis) and changes in the job vacancy rate (x-axis) from 2018 to 2023.³

While wages are already rather high in many of the industrial sectors compared to other private sector jobs, there does seem to be a clear relation between shortages and conditions within sectors. These figures show once again that the root cause of shortages is employers' reluctance to invest in good quality jobs and in training of workers, pushing instead for the attraction of workers from abroad. Unfortunately, in most European countries, the legal framework does not prevent employers from misusing migration in their cost-reduction strategies, and the EU does little to improve the situation. In addition, the constant attacks against trade unions and the under-funding of labour inspectorates across the continent contributes to a generalised unequal treatment of workers from abroad and increasing cases of exploitation, amounting even to labour crime.

While quality jobs and workers' 'right to training' remain the key solutions to meet shortages, in some cases labour migration is also needed, for example due to demographic change. If employers hire labour migrants it must be accompanied by strong measures that ensure equal treatment of workers from abroad and a close involvement of trade unions to avoid breaches.

² Analysis based on the work of ETUI Senior Researcher [Wouter Zwysen](#).

³ Estimated from the [SES](#) 2018 and Eurostat data on job vacancy rate changes by industry and country. Controlling for socio-demographics and country, predicting wage changes depending on the level of vacancy change.

Europe's [demographic change](#), with lower birth rates and an increasingly aging population, has a big impact on the labour market, particularly in industrial sectors where the share of older workers has been increasing. In several countries (Sweden, Denmark, the Netherlands, Bulgaria, Italy), workers in the manufacturing sectors are [reported](#) as considerably older than the average workforce. In these cases, the replacement of older workers with younger ones through attractive apprenticeships with retention and adequate retirement schemes are key. Adequate replacement relies heavily on offering attractive jobs in terms of pay and working conditions, with good mentoring at the start. There are many good examples of collective agreements that ensure this, like in France ([Safran](#), [Stellantis](#)) or Italy ([metal sector](#), [ENI](#)). However, employers keep reducing the number of apprenticeships offered (which are critical for having a skilled workforce) and push instead for more flexible labour migration.⁴ In Austria, PRO-GE is pushing for an obligation for employers who refuse to invest in apprenticeships to contribute to a fund for vocational training to ensure workers' access to training to meet the skills needs of the twin transition.

Labour migration should not replace investments in good quality jobs and apprenticeships, nor the training of workers, as many employers attempt to do. Adequate regulation and effective trade union involvement in the entire process is essential to prevent this. A good example comes from Denmark, where trade unions are closely involved in attracting workers from abroad and accompany them on their introduction to the labour market. Hereby, they ensure that equal treatment is observed and that good working conditions and workers' access to training are in place. Moreover, Danish trade unions have also developed a targeted service for international members, whom they actively organise. Unfortunately, this remains an isolated best practice. The reality across Europe is much grimmer for many mobile and migrant workers.

What is left of the European dream of upward convergence?

The deregulation carried out over the past 30 years of the European single market and the past 20 years of EU eastern enlargement have had deep consequences on the European labour market. The EU has done too little to promote the social acquis and followed too much the employers' push for deregulation. The 'freedom of movement' has rightfully been promoted, but without the necessary regulation in place to ensure equal treatment of mobile workers from other EU countries, even less so of workers from third countries. The few positive changes over the last 5-10 years, for example the revision of the EU Posted Workers Directive (PWD), have been good attempts to reduce the damage of deregulation, but much more needs to be done.

Deregulation has led to a dumping of wages, social standards and health and safety standards. Fatal accidents at work are [reported](#) to be rising again in almost half of EU countries. Some 65.5% of all fatal accidents took place in [construction, transport](#), manufacturing, agriculture and fishing. Without a clear change in the Regulation, more inspections and involvement of trade unions, this is unlikely to change. According to a forecast [analysis](#) conducted by the European Trade Union Institute (ETUI) in late 2022, if nothing changes in the EU-27, another 25,166 deaths at work are expected by 2029. With the current trend, the ETUI says that deaths at work will never disappear in countries such as Spain or France, and will continue into the next century in others, such as Italy or Hungary.

These issues are confirmed by reports from industriAll Europe's affiliates from across Europe. Our Finnish affiliates report that occupational health and safety risks are faced especially by workers from abroad, who are mainly used in subcontracting companies. Inspections carried out by national authorities in cooperation with trade unions have revealed many violations of Finnish regulations regarding salaries and

⁴ Increasing evidence of fewer apprenticeships and training opportunities provided by employers as more migrants entered: <https://www.tandfonline.com/doi/full/10.1080/13636820.2021.1904437>

other employers' obligations. The Finnish unions are actively trying to organise workers from abroad to make sure that they have all their rights respected, as all collective agreements apply also to them.

Unfortunately, health and safety risks are even higher in the case of third-country migrants, as observed in the case of the battery sector in Hungary. Trade unions report that most Hungarians refuse to work in the new battery plants due to the high health and safety risks resulting from exposure to chemicals. Most workers in these sectors are third-country nationals who have very limited rights (no right to family reunification, etc.). Hungarian trade unions face huge hurdles in defending them because they do not have the right to collectively represent workers from abroad, but only to help them individually.

Hungary is also a very good example of the reality in Eastern Europe, where a main reason for labour and skills shortages is migration to Western Europe. The situation is similar in Croatia and even in countries from Southern Europe: According to the latest [figures](#), Romania is leading by far, with over 3 million of its citizens living in other EU countries, followed by Poland and Italy, with around 1.5 million each. The figures come as no surprise, given that wages in Romania are among the lowest in the EU. Moreover, these figures would not be worrying if moving represented a choice and not a solution to the lack of investments in good jobs and quality social services in home countries. This is the flip side of a 'freedom of movement' without a 'freedom to stay' (or, in other words, promoting workers' intra-EU mobility as a solution to bad jobs, bad social services and lack of opportunities at home).

We have reached a point in which this unbalanced approach is creating a race to the bottom: workers from Central and Eastern, and even Southern Europe are often forced to move, while the economic development of their home countries depends on attracting workers from third countries. Instead of moving towards upward convergence, we are reaching the opposite: a generalised pressure on wages and a degradation of working conditions is making social dumping the new norm. Trade unions in Central and Eastern European report that investments have become dependent on attracting migrants from third countries, as a result of the massive emigration to Western and Northern Europe. For example, metal employers in the Czechia are putting pressure on the government to simplify the recruitment of workers from third countries, claiming that this is a fundamental condition for the development of the Czech industry. Meanwhile, the Czech employers refuse to sit at the bargaining table with unions and negotiate sustainable strategies to increase the attractiveness of jobs and ensure the training of workers to meet shortages.

Instead of putting an adequate regulatory framework in place to ensure equal treatment of all workers, the EU is facilitating employers' cost-reduction strategy with the new EU Talent Pool. This initiative is even more worrying because of the precise list of occupations for which it is meant to match jobseekers from non-EU countries with European employers. As already stated in our [position paper](#), 2.4 million workers in the automotive sector alone will need to be re-skilled or up-skilled in view of the twin transition. As the EU Talent Pool's annex lists many of these occupations, industriAll Europe is concerned that the Commission is making it very easy for employers to cut investments in training and resort to third-country workers. Meanwhile, there are no initiatives to push for employers' obligation to train their workers, or to ensure equal treatment of workers from abroad.

The reality of migration: unequal treatment, social dumping, and exploitation

The challenge with the freedom of movement is that it lacks an adequate EU framework to prevent social dumping and exploitation of intra-EU mobile workers and third-country migrant workers. The root causes of these violations always boil down to excessive subcontracting (more than one level), and the proliferation of temporary work agencies and intermediaries. The infamous case of Borealis in Belgium is a perfect example of the abusive subcontracting maze: 174 workers, mostly from Bangladesh, were

working as subcontractors for €3.50/hour, after already having paid €9,000 for their journey to work in Belgium. The workers' journey, organised by an Italian subcontractor, took them from Bangladesh to Hungary, Portugal and Belgium, being held in abysmal living conditions in all countries. After the inspection services' findings at Borealis, the victims were simply diverted by intermediaries to BASF, where fraudulent practices were also discovered. The court recognised the workers as victims of human trafficking.

A clear ban on excessive subcontracting and intermediaries (maximum one level, or more under exceptional circumstances), as well as an increase in inspections and trade union involvement, are urgently needed to end exploitation and abuse. Even in less dramatic cases than that of Borealis, trade unions report employers' misuse of such practices for the sole purpose of reducing labour costs and increasing profits. Trade unions in the automotive company Stellantis in France report that employers misuse the possibility of hiring temporary workers from abroad to keep their expenses at the limit of what is bearable. This implies a double cost-cutting strategy of limiting investments in quality jobs and training of workers, while also resorting to social dumping in the case of migrant workers.

The situation is similar in Slovakia: The number of temporary agency workers has doubled over the past six years, with the highest share coming from Ukraine, Serbia, Romania, Czechia and Hungary. OZ KOVO reports that employers' easy access to workers from abroad, without an obligation to ensure equal treatment, is putting pressure on wages and working time, and increases the risk of social dumping. Slovak workers enjoy a better work-life balance, while workers from abroad are pushed to do extra hours beyond regular working time at a lower cost. The union is fighting against this unequal treatment, but difficulties remain due to the legislation and lack of sectoral bargaining.

In Hungary, VASAS estimates that some sectors employ up to 50% of their workers through temporary agencies. This provides employers with an excessive level of flexibility to maximise their profits at the expense of workers' employment and economic security, because of easy dismissals in cases of production decrease. An ETUI study confirms that the Hungarian labour code demands the highest flexibility from workers. Ironically, employers constantly complain about labour and skills shortages without making the connection to the root causes of the issues, like the job cuts, the low quality of jobs and the lack of training.

In Croatia, trade unions estimate that 11% of workers in industrial sectors come from third countries. Agency work is widespread in the metal industry, despite the lack of justification for its usage because agency workers perform the same activity as those who are directly hired by the company. The sole justification seems to be employers' cost-reduction strategy, since agency workers are paid less, have limited benefits (like no access to training), a temporary contract and can be easily dismissed. The control measures foreseen by the law are badly enforced, due to the shortage of labour inspectors, and violations are common in sectors with a low unionisation rate.

In Spain, trade unions report that workers from abroad are often subjected to unequal treatment, resulting in pay below the minimum wage, overtime beyond the legally binding limits, and limited access to social security. The unions are actively organising workers from abroad to ensure equal treatment and avoid exploitation, especially since collective agreements apply to all workers. For example, the high unionisation rate in the Spanish shipbuilding sector, which employs many workers from Eastern Europe, contributed to successes against cases of social dumping and prevented exploitation.

The situation is similar in the shipbuilding sector in Norway, where mobile workers from Eastern Europe fill shortages. Fellesforbundet has been fighting against many serious cases of social dumping over the past years. The long subcontracting chains increase the risk of social dumping and make posted workers and agency workers the most vulnerable groups. Even if, compared to other countries, Norway has a good legislation in place, the general problem of enforcement is present also there. In addition to organising

workers from abroad, Fellesforbundet is pushing for more direct employment of all workers regardless of their origin in their bargaining strategy. Their agreements also include provisions which foresee regular meetings with employers to discuss recruitment strategies and equal treatment.

In addition to a clear legal framework limiting subcontracting and the use of intermediaries, organising workers from abroad in trade unions is a part of the solution to combat unequal treatment and exploitation. Some unions already try to limit subcontracting through collective bargaining, like in Germany, where IG Metall's agreement in the steel sector defines both: when subcontracting can be used and which subcontracting companies can be employed (those covered by a collective agreement from a DGB (the German Trade Union Confederation) affiliated federation). Unfortunately, recruiting and organising workers from abroad is made particularly difficult in most countries, due to employers' anti-union attitudes and the misuse of migrant workers' vulnerable status to prevent them from joining a union.

IndustriAll European Trade Union's demands

Demands for policymakers:

- limitation on subcontracting
- limitation of agency work and of the use of intermediaries in order to promote more direct jobs (companies need to hire and invest in their workers, including in training)
- Obligation for companies using subcontracting to inform and consult trade union representatives and allow them to check the working conditions of subcontracted workers and to unionise them
- A ban on the use of agencies and intermediaries in the context of posting of workers and of single permits
- Facilitate the direct employment of third-country nationals with equal treatment
- Social conditionality in the case of single permits: ensure that only employers who respect social dialogue, collective bargaining and trade union rights can issue work permits to third-country nationals
- Social conditionality on public funds (no public money for exploitation): exclude companies that have been involved in the unequal treatment of workers from abroad and/or of exploitation of workers, preventing them from receiving public support
- Facilitate the recognition and validation of skills and qualifications of workers from abroad to promote equal treatment
- Increase the number of labour inspectors and inspections (urgent need to comply with the ILO recommendation)
- Strengthen the European Labour Authority (in line with ETUC demands [here](#))
- Urgently revise the Single Permit Directive (in line with our demands [here](#))
- Withdraw the EU Talent Pool

Demands for employers:

- More direct jobs (companies need to hire and invest in their workers, including training)
- Reduce subcontracting
- Inform and consult trade unions when subcontracting companies are used in order to avoid unequal treatment and exploitation

- Engage in collective bargaining and social dialogue at all levels to ensure equal pay and equal treatment, and facilitate the integration of workers from abroad (including refugees) into the labour market
- Cooperate with trade unions in the development of recruitment strategies, career development and training programmes.

Demands for trade unions:

- Develop a recruitment and organising strategy for workers from abroad (adapted membership fees, support services in different languages, labour counselling for migrant workers, organising and campaigning on collective issues identified as affecting workers from abroad, etc.)
- Promote a collective bargaining agenda for equality
- Revive and promote industriAll Europe's Solidarity Pact
- Reinforce European and international trade union cooperation (i.e. international trade union cooperation agreements to monitor companies' compliance with the labour legislation in force in each country; cross-border agreements to regularly update the information on cross-border workers and labour inspections)
- Develop and implement transnational organising initiatives with mixed teams of organisers from sending and receiving countries