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A positive example for others to follow

The EU has a historic opportunity to improve workers' livelihoods by setting an example in how it chooses to spend public money

Rents are higher than the minimum wage in most EU capitals. Energy prices continue to spike over the US war on Iran. And after this summer's heatwaves and a record-breaking El Niño looming, rising food prices will likely drive inflation in 2027. The essentials of a good life – secure housing, energy and food – have become unaffordable for ordinary working Europeans. Many are taking on second jobs to make ends meet. The rise of the hard right is the direct consequence of a politics that has abandoned the working majority.

The EU's deregulation agenda risks accelerating this trend by removing labour protections, undermining hard-won rights and bringing back austerity – instead of tackling the real culprit: skyrocketing profits that aren't reinvested in productive activity and good jobs.

But there is a counterpoint to all this doom and gloom: with European Commissioner Stéphane Séjourné's EU Procurement Act, a reform of how public buyers procure 2.5 trillion euros in goods and services, the EU has a historic opportunity to improve workers' livelihoods.

The demand – put forward by 106 labour unions from 29 countries in 2021 and echoed by employers in labour-intensive sectors – is simple: every public contract must go to companies that pay decent wages and provide good working conditions negotiated in collective agreements with trade unions.

Where it does work

The draft Act leaked on 9 July 2026 goes some way in the right direction. It overcomes the practice oflowest-price tendering, whereby contracts are just given to the lowest bidder. These are too often cowboy companies that neither provide good jobs nor deliver clean hospitals or secure airports.

Over the last decade, less and less decent companies with collective agreements have tended to apply for public tenders. The reform could help make progress on the Commission's goal of improving the competitiveness by bringing those companies back into procurement markets, while easing the pressure on workers' lives.

Concretely, for the millions of low-wage essential workers in labour-intensive sectors, such as cleaners, security guards and food service workers, social quality criteria like pay and working conditions would count 50 per cent in deciding which company wins a public contract.

This could generate a virtuous cycle where companies compete on good working conditions instead of dumping prices. And it would ensure that workers can perform their job – cleaning a school, securing a building, nursing an older person – without being treated as a disposable commodity without any rights.

However, these positive developments risk being undone by two major drawbacks: legal uncertainty and the lack of a clear promotion of collective bargaining.

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The European Commission argues that going further than the current text would breach such a legal requirement not to discriminate between tenderers. But the current situation is clearly already a discrimination – just against decent companies that respect collective bargaining.

That's not right – and the Australian and Scottish governments have shown that legal concerns only mask what is fundamentally a question of political will.

Three days before the leak of the EU Procurement Act, on 6 July, the Australian government introduced the 'Workplace Relations Legislation Amendment'. This came after a campaign led by the UNI-affiliated Shop, Distributive and Allied Employees' Association (SDA) to make Australia's procurement code more 'ethical' and prevent union-busting companies like Amazon from accessing public funds.

The new rules now state unambiguously that the Commonwealth may discriminate in favour of employers whose workforces are covered by a collective agreement. This is what legal certainty looks like – and it has just passed both Houses of the Australian Parliament. It is hardly surprising that Australia is one of very few developed countries that has recently seen a growth in both union membership and collective bargaining coverage.

If Australia demonstrates that legal certainty is achievable, Scotland shows the difference between a voluntary and a mandatory approach to promoting good jobs and collective bargaining.

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The Scottish government has set out seven fair work criteria in public contracts, such as paying a living wage and a proper, effective form of voice for workers, such as union recognition. From 2018, these criteria were encouraged first on a voluntary basis then, in 2023, both the real living wage and effective workers' voice became mandatory conditions.

A government-commissioned evaluation of the policy, completed this year, contains striking findings. Among employers carrying out public contracts, 43 per cent say their own commitment to effective workers' voice has increased since July 2023. The proportion of employers reporting they have 'fully embedded' effective channels for workers' voice rose by 16 per cent once mandatory conditions took hold.

The evaluation also carries a warning. Where the definition of 'workers' voice' is left vague, employers tend to evade or avoid voice through unions or collective bargaining, gravitating instead towards weaker alternatives such as staff forums. This is a clear argument for promoting collective bargaining explicitly as the most effective way for workers to have a say in their own workplace.

The lessons from Australia and Scotland are clear – and they point to concrete improvements for European Commissioner Stéphane Séjourné and his team. The Commission, which is due to publish the definitive text in September, should use the remaining time to follow Australia and Scotland's examples. Else, working people's ability to afford the essentials of a good life will continue to deteriorate – and I don't think we like to imagine the political consequences that will carry for trust in governments and the EU.



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