Ceemet
European Tech &
Industry Employers

Industry needs subcontracting: let's focus on implementation, not limitation

Position paper

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About Ceemet

Set up in 1962, Ceemet is the European employers' organisation representing the interests of the metal, engineering and technology-based (MET) industries with a particular focus on topics in the areas of employment, social affairs, industrial relations, health & safety and education & training.

Ceemet members are national employers' federations across Europe and beyond based in 20 countries. They represent more than 200,000 member companies, a vast majority of which are SMEs.

Ceemet members provide direct and indirect employment for 35 million people and cover all products within the MET industrial sectors, detailed below.

Together, these companies make up Europe's largest industrial sector, both in terms of employment levels and added value, and are therefore essential to ensuring Europe's economic prosperity.

Executive summary

- The current narrative in Europe of subcontracting extrapolates situations of labour exploitation and abuses that happen in some companies concentrated in certain risk sectors, to be tackled by a general legislative framework that limits the number of subcontractors and introduces chain liability.

- Ceemet stresses that subcontracting should not be limited because some companies do not respect the existing rules. A liability framework already exists. New legislation will not stop fraudulent companies and stop abusive practices. Only correct implementation in Member States, targeted controls, and strict enforcement of the existing rules can tackle problematic situations that undermine the protection of workers and hinder a competitive economic playing field.

- Ceemet stresses first and foremost that a precise description of problematic situations is vital. This includes listening to the business reality and the voice of bona fide companies. We must focus on the necessity to tackle situations such as criminal activities and illegal work rather than sectors.

- If there is a problem, the Commission should first thoroughly assess its extent and identify the (sub)sectors affected and then check how the existing acquis is implemented, transposed and enforced.

- That approach would also be in line with the Commission's own simplification agenda. Only when applying this logic can a thorough and objective impact assessment establish how any remaining problems can most efficiently and in a targeted way be tackled. If this means action is required at the national level, then the subsidiarity principle applies. In addition, the Commission has an area of tools that might be put to better use to enter discussions with a Member State, from infringement procedures to special country recommendations in the European Semester.

- The EU legislative acquis to protect workers is vast. When comparing the level of employment rights, working conditions, social security systems and health & safety regulations, EU Member States stand at the top, high above the rest of the world. Yet, European companies must compete globally.

- Given the current geo-political situation, and following the Draghi report, the Commission has acknowledged that drastic simplification of the current legislative framework in which our companies operate is a necessity for European companies to get – and remain – competitive. Indeed, only competitive companies can offer quality jobs. Any attempt to restrict subcontracting would be contrary to this objective.

Introduction

In the first year of its current mandate, the European Parliament adopted a motion for a resolution on restructuring on 13 March 2025, which included a call for the Commission, "in close collaboration with the social partners, for a framework directive to address the challenges and complexities associated with employers' obligations in subcontracting chains and labour intermediaries in Europe to ensure decent working conditions and the respect of worker's rights".

On 17 July 2025, the own-initiative draft report by MEP Danielsson further elaborates on subcontracting in risk sectors. It claims that situations of labour exploitation, abuses and accidents in risk sectors can be solved by limiting subcontracting and ensuring joint and several liability through the subcontracting chain.

Ceemet deplores this misleading and selective narrative on subcontracting. In this position paper, Ceemet will elaborate on why the limited perspective on subcontracting, if adopted, can become disastrous for our industry and economy.

A limited perspective on subcontracting, if adopted, can become disastrous for our industry and economy.

1 Subcontracting: a deep dive

1. What's in a name? Defining the definition

Before we can discuss limiting a general concept such a subcontracting, it is important to first articulate exactly what we are talking about. This clarification is lacking in the discussions so far.

What is a subcontractor?

At the EU level, Article 2 (f) of the Sanctions Directive[1]defines a "subcontractor" to mean ***any natural person or any legal entity to whom the execution of all or part of the obligations of a prior contract is assigned.***

Subcontracting, in a general sense, can indeed be a broad concept. The following examples are useful to illustrate this, but they should not be directly linked to the definition in the Sanctions Directive. Some examples in the MET + TECH sectors when taking this definition into account:

- **Supply chain:** e.g. windscreen wipers are made by a subcontractor and sold and transported to a car manufacturing plant.
- **Lease/hire of a printer**: the supplier who also comes to prepare the printer, is a local contractor. Cleaning offices and catering facilities are often outsourced to specialised companies.
- **Installation and maintenance (repairing)** machine sold to client: if the client is within the same member state, this is not a situation of posting. National legislation applies indeed when a local employee with a local employment contract and local social security and taxes, will perform a service at the clients' premises. The European Commission has no competence; the subsidiarity rule applies.
- **Installation and maintenance** of a machine sold to client in another member state: posting of a highly specialised technician, engineer. These situations of posting in the MET + TECH sectors are not problematic.
- A sudden increase in production necessitates contacting a temporary work agency, which sends workers who will work with a tripartite contract (agency, client user, workers). Contrary to the other examples, only in this constellation, the client company actually supervises and gives orders to the worker.

The above examples show that subcontracting is a general term that can cover many flags and realities.

[1] Directive 2009/52/EC providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals.

2. Legislative context: the vast European acquis to protect workers

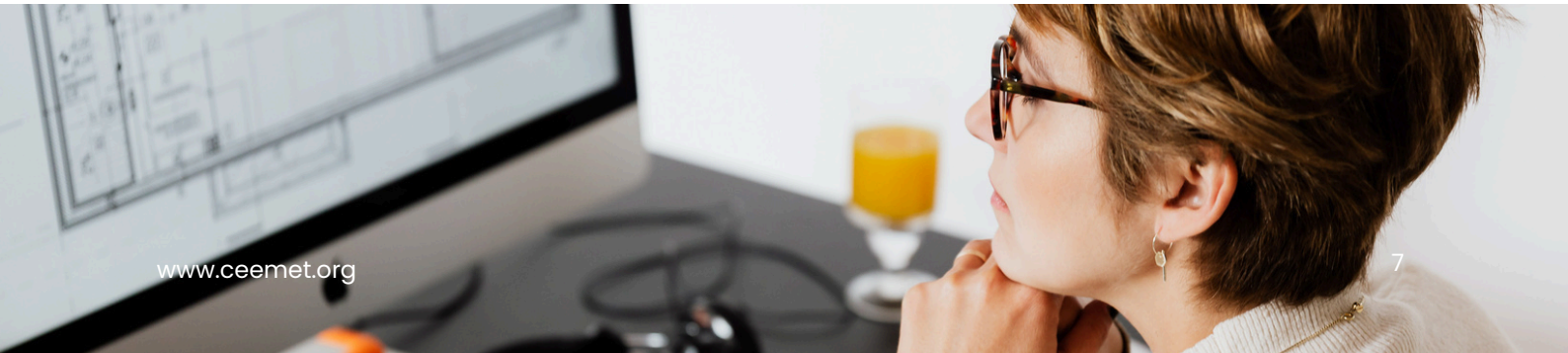
There are many directives safeguarding employees' rights, such as the Collective Redundancy Directive, Information and Consultation Directive, TUPE Directive, Non-Discrimination Directive, Part-Time Employment Directive, etc. In addition, there is a vast legislative framework to protect the health and safety of workers, from the Working Time Directive to the CMRD.

The following list of directives proves that the necessary legislation is already in place to protect what policymakers want: avoid exploitation, protect the rights of workers and create a level playing field for companies.

> **Ceemet is of the opinion that we do not have a legislative gap; we have an implementation malaise.**

- Instigated by problems in the construction sector in the nineties, there is already European legislation since 1996 to protect workers. The Posting of Workers Directive[1] (POWD) tackled these problems. When they are temporarily posted to work in another Member State, workers enjoy the employment conditions of the host Member State such as working time and wages.
- For bona fide sectors, the POWD allows exemptions. Ceemet notes that not every Member State has transposed Art. 3, 2 to 5 POWD into national law.
- Directive 2018/957 amended the original POWD. A posted worker has the right to the remuneration of the host Member State. Costs for travel, board and lodging cannot be regarded as part of the remuneration. Furthermore, Article 5 clearly states in that "The Member State to whose territory the worker is posted and the Member State from which the worker is posted shall be responsible for the monitoring, control and enforcement of the obligations laid down in this Directive and in Directive 2014/67/EU and shall take appropriate measures in the event of failure to comply with this Directive. Member States shall lay down the rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive."
- The POWD was followed in 2009 by other pieces of legislation relating to the protection of illegal third country nationals, the Sanctions Directive[2], where a special system of joint and several liability for illegally working third country nationals was introduced. Article 8 of the Sanctions Directive states that Member States shall ensure a joint and several liability of direct contractors. In special cases there is also liability for the main contractor and any intermediary subcontractors. The liability is about paying the correct amount of net wage (of the host Member State) as well as social security contributions.

[1] Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services.
[2] Directive 2009/52/EC providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals



- The Enforcement Directive[1] relating to the posting of workers in 2014 offered two tools to Member States to help enforce the Posting of Workers Directive. Member States could introduce a simple notification declaration for posted workers, which gives the host Member State the necessary information that a foreign worker is working on its territory and thus giving the possibility to send social inspectors to check if the workers' rights are upheld. The current trilogue negotiations regarding the eDeclaration are closely followed by Ceemet. Ceemet applauds the possibility of replacing 26 national notification systems with 1 eDeclaration. Article 12 of the Enforcement Directive allows Member States, in order to tackle fraud and abuse, after consulting the relevant social partners in accordance with national law and/or practice, on a non-discriminatory and proportionate basis, to take additional measures to have a liability system of a direct subcontractor. The liability system covers the outstanding net remuneration corresponding to the minimum rates of pay and/or contributions due to common funds or institutions of social partners in so far as covered by Article 3 of the POWD. It is essential that the Commission closely monitors the application of this Article, as is literally foreseen in art. 12, 8 of the Enforcement Directive.
- The Directive on transparent and predictable working conditions[2] (TPWC) provides for a set of rights and obligations, and to provide written information about the working conditions and pay, including when workers are posted to another Member State. The Temporary Agency Works Directive[3] (TAW) provides in Article 4 that member states can put national requirements regarding registration, licensing, certification, financial guarantees or monitoring of temporary work agencies. Furthermore, prohibitions or restrictions are possible for the protection of workers, requirements of health and safety at work or the need to ensure that the labour market functions properly, and abuses are prevented. Member States therefore already have an important tool to tackle malafide labour market intermediaries.
- Regarding social security rights and obligations, Regulation 883/2004 on the coordination of social security systems and its implementing Regulation 987/2009 state under which conditions a worker, who is temporarily posted to another Member State, remains subject to the Member State where they normally work. These rules must be adhered to: if the posting conditions are not met, there is simply no situation of posting.
- The same applies for multi-state employment, workers who regularly work on the territory of more than one Member State; there are also rules in place to determine in which Member State the worker will be subject to the social security system.
- Finally, the European Labour Authority[4] (ELA) was established in 2019 as a European body, because the agreed-upon rules need to be properly enforced to ensure fair mobility of individuals and companies. ELA supports the effective enforcement of labour mobility rules through structured cooperation and exchange of information between Member States; ELA coordinates common activities, such as joint labour inspections and training of national staff on cross-border mobility rules; ELA mediates cross-border disputes and facilitate solutions; ELA supports Member States in tackling undeclared work; and last but not least, ELA is to provide information to workers and employer, and through EURES provides employment support services.

[1] Enforcement Directive 2014/67/EU on the enforcement of Posting of Workers Directive 96/71.
[2] Directive 2019/1152.
[3] Temporary Agency Works Directive 2008/104/EC
[4] Regulation 2019/1149/EU establishing a European Labour Authority.

The above overview is proof that the legislative framework is there.

But having a set of directives as such is not enough.

Ceemet stresses that we do not need any new legislation. Instead, the transposition into national legislation of the existing Directives is a first step. Providing clear and easy-to-understand information about the rights and obligations for both workers and employers is an essential next step. The third step is enforcement by social inspectors of the abovementioned rules. ELA is established to support providing information and coordination between Member States. Finally, enforcement must be followed by effective sanctioning of wrongdoers in the national courts of law or by the administration, depending on national systems.

If the existing directives are not leading to the desired outcomes because there is a lack of transposition and enforcement, creating new legislation will not change anything. This will just add another layer of complexity for bona fide businesses without affecting others.

Ceemet is of the opinion that the Commission can step up and urge Member States to correctly implement the existing acquis. The Commission has a variety of tools to use. Apart from infringement procedures, the European Semester could be an effective forum to address Member States.

To conclude this legislative overview, for Ceemet, it is crystal clear that new binding legislative initiatives at the European level relating to working conditions and social rights are not necessary, nor will they be proportional, certainly not in the case of a one-size-fits-all initiative. Ceemet reiterates that enforcement or controlling tasks cannot nor should they be put on the (host) company. New rules will not guard against mala fide companies, nor will they protect workers better.

3. Freedom to conduct a business

The study of the European Employers' Institute on subcontracting[1] published in September 2025, provides a thorough overview of the legal framework on subcontracting, including the caselaw of the EcJ. The legal study clearly shows that limiting subcontracting is not as straightforward as it seems.

Ceemet underlines the fundamental freedom to conduct a business, as enshrined in Article 16 of the Charter of the Fundamental Rights of the EU. It speaks for itself that the freedom to conduct a business includes the freedom to determine the (core) activities that the company will perform, and the freedom to sign a commercial contract with any other business.

[1] Can the EU restrict subcontracting? A legal perspective - EEI, Erik Sinander, Associate Professor at Stockholm University.

One of the prerogatives of a company is to hire workers and thereby decide on its direct employment. From the above, it logically follows that a company also has the freedom to sign a contract with another company to perform any activities, including core activities.
The fundamental freedom to conduct a business is moreover reflected in the free movement of services, enshrined in Article 56 of the TFEU[1] and is one of the four pillars of the Single Market. Restrictions on the freedom to provide services within the Union are prohibited. Consistent caselaw of the EcJ learns that the principle of proportionality must be respected before limiting a fundamental freedom. Concluding a commercial contract and posting workers to provide services to clients who are based in another member state is at the heart of the free movement of services. Contrary to what is suggested in the European debate about subcontracting, this should not be limited. Ceemet is of the opinion that, e.g. requiring companies to first obtain an EU license or to meet pre-qualifications before they can provide services in other Member States runs counter to the objective of the principle of free movement.

Pro Memorie: the proportionality test necessitates that measures can only be taken if (1) they are suitable to achieve the desired result, (2) they are necessary to achieve the desired end, and (3) they must not impose a burden that is excessive to the objective sought to be achieved. In other words, there are no other instruments or measures that represent a lesser burden and still achieve the desired result. Ceemet concludes that, from a legal perspective, limiting subcontracting does not meet the proportionality test.

National example Germany

From a German legal and practical perspective, any discussion on potential liability or limitations on subcontracting chains must take into account the existing national frameworks. For instance, Germany already provides for a general contractor liability regarding the payment of wages in § 14 of the Arbeitnehmer-Entsendegesetz (AEntG) and § 13 of the Mindestlohngesetz (MiLoG).

These provisions, however, are narrowly construed: liability only applies when a contractor uses a subcontractor to fulfil its own contractual obligations towards a client. It does not extend to situations where the company merely procures a service to satisfy its own operational needs (e.g. gardening, cleaning, or catering).
Therefore, the German system does not establish a universal liability for all contractual relationships, but rather a limited and purpose-related general contractor liability. This approach ensures proportionality and avoids excessive burdens on businesses that simply outsource ancillary services.

[1] Treaty on the Functioning of the European Union.

National example
France

France already has a comprehensive legislative framework to tackle abuses in case of subcontracting:

General mechanism: Under French law, as part of the fight against illegal employment, the principal or main contractor (all sectors included) is subject to obligations of vigilance and diligence, particularly regarding its co-contractor established in France or abroad.

Failure to comply with these obligations may have significant consequences:

- triggering of financial solidarity on the part of the principal/main contractor regarding wages, social security contributions and tax and withdrawal of exemptions from social security contributions and social contributions;
- constitution of the offence of using the services of the perpetrator of undeclared work or employment of a foreign national without a residence permit;
- administrative penalties (fines, refusal or reimbursement of public aid, temporary closure).

Principle: main contractors or principals are required, with regard to companies with which they have concluded a contract for an amount of at least €5000 excluding VAT for the performance of work, the provision of services or the performance of a commercial act, to be vigilant as to their compliance with the prohibitions relating to undeclared work and the employment of foreign workers without work/residence permits. Hence, upon signing the contract and every six months thereafter, the main contractor or principal is required to obtain from their co-contractor a list of documents/information specified in the Labour Code.

Specific mechanisms for posted workers: In the case of total or partial non-payment of the statutory or collectively agreed minimum wage owed to posted workers, the principal or client, informed in writing by a labour inspector, may be held jointly liable for the payment of wages and related allowances and social contributions if the employer of the posted workers fails to regularise the situation within seven days. In the case of collective accommodation, the main contractor or principal also has a duty of care and responsibility insofar as they may be required to provide accommodation for posted workers if the collective accommodation is considered unsuitable under the provisions of the Labour Code.

Any European initiative should respect these distinctions and avoid introducing a general or full-chain liability that goes beyond existing and well-functioning national concepts. Otherwise, it would create a new legal category unknown even in Member States with advanced subcontracting and wage-protection systems.

4. Subcontracting is at the heart of the economic business of Ceemet sectors

In the MET sectors represented by Ceemet, subcontracting can take many forms. If we look at the track record, MET sector and many other industrial sectors have no problematic history with subcontracting. It is a healthy business practice used for economic activities. Subcontracting takes place mostly between companies situated within the same country. We note that also in cases of cross-border subcontracting involving posting of workers in Ceemet sectors, no significant problems have been reported either.
Companies, especially SMEs, build expertise and offer their services in niche-activities. SMEs are the backbone of the European business economy, representing 99.8%[1] of all enterprises. In the MET & TECH sectors, that Ceemet represents, around 90% are SMEs. European SMEs cannot survive without contracts with their clients, often bigger companies. The client-company often does not even have the required expertise to know that they need a further specific niche-player to perform specific work, nor can they evaluate if the activities performed are state-of-the-art. In fact, they should not have to know this: they rely on the expertise of companies to service them.

If subcontracting were to be limited in any way or form, it would hurt SMEs first and disproportionately. To be efficient, large companies would likely start working with a limited number of bigger companies that offer a range of services. SMEs would not survive, as they do not have the resources or the expertise.

The economic harm would be enormous. It would inevitably lead to job losses, reduced competitiveness, and the possibility of relocation of production outside the EU. Innovation and the twin digital and green transition require that companies must manage increasingly complex products and procedures. Technological and complex product eco-systems imply that companies must rely on hyper-specialists to contract for a very precise activity. Small subcontractors often drive component-level innovation in clean tech. An innovation slowdown, due to the loss of specialised suppliers and knowledge-intensive SMEs, would enfold. This would mean translate in a barrier to green and digital transitions.

Some examples of consequences that the introduction of regulations, that the limitation of subcontractor tiers could have:

- Poorer utilisation of machinery and employees
- Fewer opportunities to leverage economies of scale
- Less competition
- Fewer opportunities for small companies
- Lower productivity
- More bureaucracy at all levels, from client to the lowest subcontractor tier
- Poorer delivery reliability and risk diversification if the option to use niche companies with specialist expertise is limited.

In addition, the two major crises that we have known in the last 5 years alone (COVID-19, Russia's war of aggression against Ukraine), show the fragility of overcentralisation and decreased adaptability of supply chains.

Example: In order to build one airplane or any defence equipment, you need raw materials suppliers, software and IT providers, subsystem and component manufacturers, Electronics and component Suppliers, R&D and Engineering Services, basic business operations…

[1] European Commission: Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Annual report on European SMEs 2024/2025 – SME performance review 2024/2025, Publications Office of the European Union, 2025, https://data.europa.eu/doi/10.2760/7714438

5. Deliver on the Single Market and competitiveness

Ceemet refers to the Single Market Strategy of the European Commission, where the administrative burden for companies when posting their employees to another Member Sate, is one of the "terrible ten" hurdles that the Commission has rightfully acknowledged as a priority to tackle. It would run counter the Single Market Strategy to add another layer of administrative burden on companies, more so when this is evidently not necessary, nor proportional for non-risk sectors. On the contrary, further steps should be taken that help unload the administrative burden for companies.

Indeed, the current omnibus legislative proposals of the Commission show clearly that an unrealistic impact assessment from the start, where no due account was given to the rightful objections of companies, will stifle companies in their growth path. Therefore, it follows that in line with the current Omnibus simplification agenda, a thorough impact assessment must be undertaken before any action can be taken. In this respect, Ceemet applauds the closer cooperation between the various Directorates General of the Commission, as this allows for various angles and points of view to take into account.

The Single Market Strategy favours better enforcement rather than introducing new legislation, which would add another layer of administrative burden on companies, something that is neither necessary nor proportionate.

Ceemet is of the opinion that the starting point should be that most European companies want to respect the rules – they do respect the rules – certainly companies in the MET & TECH sectors that Ceemet represents. Abuses in other specific (sub)sectors can never be a pretext to change rules for all sectors.

Given the current geo-political tensions and economic unstable situation, the EU should absolutely avoid putting unnecessary additional burdens on European companies. Only competitive companies can offer jobs.
It is not possible to burden bona fide companies and at the same time expect them to be competitive.

2 Solutions: how to enhance enforcement and support bona fide companies

1. Promote the use of digital tools

Ceemet strongly believes that enhancing and speeding up the introduction and use of digital tools can help targeted inspections, while at the same time lessen the bureaucratic burden for bona fide companies.

- The European Digital Identity Regulation (EUDI) seeks to enhance the way citizens and businesses securely identify and authenticate themselves online, strengthen trust in cross-border services by ensuring the availability of a unified, secure and user-friendly digital identity solution across the EU.
- Ceemet also closely follows and supports the ESSPASS project, which focuses on digitalising the processes for the request and issuance of Portable Documents and the European Health Insurance Card (EHIC). It uses existing electronic frameworks as EBSI for Verifiable Credentials, the European Digital Identity[1] (EUDI) framework and the EU 'Single Digital Gateway' Regulation[2]. Through real-time mechanisms for cross-border verification of the social security entitlements, ESPASS could become an important stepping stone for labour mobility and could help in effective and efficient enforcement.
- EU Digital Identity Wallets will provide a safe, reliable, and private means of digital identification for everyone in Europe. This will also enhance the effective enforcement of rules.
- Digital tools such as the eDeclaration[3] should be proportional and user-friendly (no prior upload of social documents, certainly not translated into the host country's language).

2. Increase enforcement

We reiterate the necessity to correctly transpose directives and enforce the rules. With the goal to increase targeted controls and enforcement measures, Member States should be encouraged to invest in social inspectors. We reiterate that Member States cannot "outsource" enforcement to companies.

3. National legislation, national practices, social partners involvement

At the national level, sector-specific measures are already taken in certain risk sectors. It should be left to the Member States to evaluate if and which sectors require a closer follow-up. Many good national sectoral practices exist; an initiative to gather these best practices should be encouraged.

[1] The European Digital Identity Regulation (EU) 2024/1183, adopted on 20 May 2024.
[2] Single Digital Gateway Regulation 2018/1724 (EU).
[3] Currently in trilogue negotiations.

National example
The Netherlands

In the Netherlands, the Labour Inspectorate conducts targeted inspections and enforces compliance with labour laws, including those addressing subcontracting and bogus self-employment. This demonstrates that effective enforcement at the national level, rather than new EU legislation, is key to protecting workers and supporting compliant businesses.

The Dutch DBA Act (Assessment of Employment Relationships Act) provides clear criteria to distinguish genuine self-employment from employment, ensuring that workers in disguised employment relationships receive full labour protection. This targeted approach addresses bogus self-employment without restricting legitimate subcontracting.

The Dutch 'Wet aanpak schijnconstructies' (Act on Tackling Sham Arrangements) makes main contractors liable for the payment of statutory minimum wage and holiday allowance if subcontractors default. This approach effectively combats bogus self-employment and wage underpayment, demonstrating that robust national enforcement can address abuses without the need for additional EU-level chain liability systems.

Ceemet acknowledges that there are, and there will always remain, differences between Member States, due to the fact that each Member State has its own nationally interwoven legislative context of labour law, social security and taxation. Moreover, the role, involvement and dialogue of social partners differ from one country to another.

Copying an existing law of one Member State in another Member State is therefore a utopia. Moreover, before copying a national system into a European initiative, a thorough impact assessment is essential. The lessons learned from the Simplification Omnibus Packages must be kept in mind when assessing future and new burdens on companies.

With regard to subcontracting, Ceemet is of the opinion that if there are problems, those should be tackled at the national level, and targeted at problematic risk sectors, respecting national practices involving (sectoral) social partners. Indeed, if a new initiative were required, it should be specific to solve an actual and real problem. A one-size-fits-all European "solution" is not possible, nor is it necessary: it does not meet the proportionality test.

Tackling malafide labour market intermediaries can be started by the proper implementation of the current TAW Directive. Combined with strict enforcement, it is the way forward to fight against irregularities in risk sectors regarding intermediaries.

In addition, when analysing definitions of subcontracting and potential liability schemes, the EU must consider how Member States such as Germany define subcontracting relationships in practice. According to German practice, outsourcing activities (such as cleaning) would not fall under the same legal category as subcontracted work executed to fulfil an external contractual obligation. Hence, the definition of subcontracting should be carefully limited to avoid capturing ordinary service procurement unrelated to the execution of another contract.
Introducing new elements such as extensive liability covering "all working conditions" at the EU level would not only lack proportionality but would also disrupt established national systems that already effectively protect workers through targeted and balanced liability regimes.

Conclusion

Ceemet is strongly of the opinion that:

- **Enforcement comes first**

We reiterate that we do not need further legislative initiatives to tackle problems, as we already have a vast and sufficient legislative framework, both at the European and at the national level, that protects workers. If the rules and obligations were to be properly applied, they could be better enforced. Given the vast number of tools within the existing EU acquis to protect workers and ensure a level playing field for companies, these tools should first be used to their full potential before introducing new legislation.

Ceemet strongly asserts that enforcement and control must remain the competence – and obligation – of a Member State. The European Labour Authority can play an important role in cross-border inspections and better cooperation and information sharing between national administrations. Member States cannot "outsource" enforcement to (host) companies: it is not their task.

- **There can be no limit to the number of subcontractors**

Putting a limit on the number of subcontractors in a chain would deny the ecosystem that our bona fide companies work in. Moreover, given the subsidiarity principle, the European Commission lacks the legal competence to do so. Ceemet therefore strongly opposes a limitation of the number of subcontractors, also because the criteria of the proportionality test are not met to be able to allow such a general exception to the free movement of services.

- **We do not need an additional system of joint and several liability**

There already exists a system for joint and several liability in the Enforcement Directive for posting of workers, as well as in the Sanctions Directive. For Ceeme, it is important that bona fide companies using due diligence can be exempted from liability. We reiterate that most companies, especially in the MET & TECH sectors, are respecting the rules. To introduce a complete chain liability legislation for every sector and all types of subcontracting activity is disproportionate, nor is it necessary to reach the end to combat fraud and abuse that occur in risk (sub)sectors. Ceemet therefore opposes to yet another system for chain liability.

National systems already ensure responsibility. This can be a legal framework - such as in Germany - within subcontracting chains where it is justified, without extending it indiscriminately, or outside a legal framework - such as in Denmark - by providing a collective fund which allows posted workers to claim outstanding net remuneration. These national examples demonstrate that effective worker protection and economic proportionality can coexist. Expanding EU liability rules to all working conditions or to every level of subcontracting would therefore go beyond what is necessary and would constitute a disproportionate interference with national competences and business freedom.
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