

Forum: Economic and Social Council (ECOSOC)
Issue: Measures to Prevent Social Dumping
Student Officer: Angeliki Maria Ioannidou
Position: Deputy President

PERSONAL INTRODUCTION

Dear delegates of the Economic and Social Council,

My name is Aggeliki-Maria Ioannidou. I am a 16-year-old student at the Ursuline Greek-French School. This year, I have the utmost honour and pleasure to be serving as one of the Deputy Presidents of the Economic and Social Council at the 13th PSMUN Conference.

I joined my school's MUN club in 2021 when it was first introduced. Since then, I have participated in 5 MUN conferences. This will be my second time chairing the Economic and Social Council, overall. MUN has educated me on a number of contemporary political and social issues. Furthermore, it has increased my confidence and improved my public speaking skills.

I want to congratulate all of you for joining the truly extraordinary MUN world. I'm certain that you will create unbreakable bonds by participating in MUN conferences like I did myself. Alongside that, you will have the chance to exchange opinions with people from different backgrounds.

This study guide will provide you with information on the topic "Measures to Prevent Social Dumping", which is closely related to this year's conference's theme "The Paradox of Progress". The examination of this topic is crucial due to its notable economic and social impact on the world. This guide should work as a foundation concerning the topic. Nonetheless, I strongly urge you to conduct your own research on the topic as well as your delegation's policy regarding the issue at hand, in order to create strong draft resolutions.

If you need any clarifications about the topic or anything else concerning the conference and our committee, do not hesitate to contact me via email at ang.m.ioan@gmail.com. I will be more than happy to help you. With that being said, I hope we have a fruitful debate during the conference.

I look forward to meeting you all and good luck with your research!

Yours truly,

Angeliki-Maria Ioannidou

INTRODUCTION

Social dumping is a practice that resulted from the vast globalization that has happened in the past century. At present, social dumping is widely practiced by multinational businesses as a means of maximizing profit. This is necessitated by the fact that this method allows such businesses to shift production from higher employment cost countries to lower-cost labour, usually in Less Economically Developed Countries (LEDCs). As a result, employees are forced to work in conditions that are sub-standard to those established by law. This phenomenon comes in various forms and can occur in several sectors. For instance, it commonly takes place in fields such as road transport, construction, steel and automotive industries, Information Technology (IT), and hospitality sectors.

The low minimum wage in LEDCs has made these countries an “attractive” place for foreign direct investment and the hiring of cheap labour. However, social dumping does not occur only in LEDCs. Many companies, instead of relocating their production to other countries, prefer to search for cheaper labour within their country, usually by selecting migrants and people who are in immense need of money and paying them salaries that are less compared to those specified by the law. This practice leads to several human rights violations and is a huge threat to worker’s social security. Alongside that, employees often work in unsafe and unhygienic conditions and are even forced to work consecutively for more than 10 hours a day, without receiving minimum wage. Lastly, it is important to consider that social dumping intensifies the pressing issue of child labour. It is truly disturbing that children in LEDCs toil under harsh conditions for low pay, which is most of the time, not enough for their family’s survival.

Social dumping is very closely linked to “The Paradox of Progress”, this year’s conference’s theme. More specifically, it is a negative consequence of globalization. It has enabled companies to move their production to other low-cost labour countries. Therefore, the increase in the companies’ profits, along with the decrease in labour costs, takes place in an immoral and unfair way. In essence, businesses exploit the lower labour and social standards in one country as a means of gaining a competitive advantage over businesses in another country with higher labour standards.

In conclusion, it is of utmost importance to raise awareness regarding social dumping as a means of prevention. As mentioned above, social dumping leads to several human rights violations and simultaneously, can cause disputes between Member States. There are several reasons why it is necessary to avoid these practices. To abolish such methods, it is fundamental to ensure a good standard of life in each Member State. High standards of living on a global level will immensely contribute to the preservation of peace and justice.

DEFINITION OF KEY TERMS

Social Dumping

The act of giving employees compensation, living, and working conditions that are below what is required by law or collective bargaining agreements in the relevant labour market in order to provide them an advantage over competitors.¹

Costs of Labour

There are two types of labour costs: direct and indirect. Wages paid to workers producing a product, such as those on an assembly line, are referred to as direct costs; support labour, such as personnel who maintain industrial equipment, is referred to as indirect costs.²

Labour Immigration

The act of moving from one state to another to have better working conditions. Many migrants in the host countries fall victim to social dumping.

Trade Union

A trade union is a group of employees who join together to negotiate and improve their conditions of employment by creating a contract, which is a way to prevent social dumping.

Child Labour

Exploitation of children through forms that deprive them of their childhood and the ability to have access to education; such forms of exploitation harm them physically and mentally. Children are unfortunately victims of social dumping and are constantly met with the detrimental consequences of their exploitation.³

Precarious work

Work that provides less security, hours, or pay than a standard occupation, which is a type of social dumping.⁴

Subcontractor

¹ European Commission. "Social Dumping." *Migration and Home Affairs*, https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/social-dumping_en Accessed 9 July 2023.

² SCHMITT, KIRSTEN R. "Cost of Labour Definition." *Investopedia*, 6 May 2010, www.investopedia.com/terms/c/cost-of-labor.asp. Accessed 14 July 2023.

³ International labor organization. "What is Child Labour (IPEC)." *International Labour Organization*, www.ilo.org/ipec/facts/lang--en/index.htm . Accessed 14 July 2023.

⁴ILO (International Labour Organization). "PRECARIOUS WORK." *International Labour Organization*, www.ilo.org/wcmsp5/groups/public/@ed_dialogue/@actrav/documents/meetingdocument/wcms_161381.pdf . Accessed 15 July 2023.

A person who undertakes partial responsibilities in a job that another person is fully responsible for and paid for. This is the reason why subcontractors are not equally paid for their job and often fall victim to exploitation.

Posting of workers

A worker is considered "a posted worker" when they are relocated from one EU Member State to another Member State for temporary employment. Many posted workers fall victim to social dumping.

Letterbox companies

Businesses known as "letterbox companies" are those whose operations, general management, and finances are situated in a different jurisdiction than their legal registration. Such companies cause very often social dumping.⁵

BACKGROUND INFORMATION

Causes of social dumping

Social dumping occurs when businesses take advantage of lower social standards, such as wages, working conditions, and social protection, in one location to gain a competitive advantage over those in another location with higher social standards. Social dumping exists both in LEDCs and More Economically Developed Countries (MEDCs) but depending on the country, it comes in different forms and sectors.

The factor that contributes most to social dumping is the variations that exist between Member States in terms of direct and indirect labour costs. These could provide an advantage to businesses operating in nations with relatively cheaper prices. Be that as it may, this advantage could be negated by elements that support businesses in nations with greater social and labour norms. These elements can include improved transportation systems or a workforce that is better educated and skilled. This is the reason why many businesses may relocate to areas with lower wages and fewer labour regulations to reduce production costs and increase profits. Additionally, social dumping can result from differences in social standards, such as those pertaining to job rights, health and safety laws, and working conditions. To save expenses and gain a competitive advantage, businesses may decide to locate in areas with weaker social protections as well.

The most frequent methods of avoiding minimum requirements to combat social dumping are connected to business models. These models take advantage of the

⁵ ICAEW. "Letterbox Companies." *Welcome to ICAEW.com* |, www.icaew.com/technical/audit-and-assurance/audit/group-audit/letterbox-companies . Accessed 29 Aug. 2023

European internal market's uneven playing field, facilitated by legal loopholes and the consequent absence of social dumping practice prevention, control, and enforcement.

However, deceitful businesses have a variety of options at their disposal that they can use with ease. Including falsified self-employment, by classifying employees as self-employed, deceitful companies can take advantage of legal loopholes and avoid paying benefits or following labor laws, therefore, undermining the rights and protections of workers. Furthermore, the use of letterbox companies; in order to benefit from lax regulatory environments, businesses can set up letterbox corporations, which often have merely an address but minimal physical presence. This allows them to lower their tax obligations and avoid tighter monitoring. In addition, the lack of controls in some countries creates an atmosphere that is favourable to deceptive activities like labour exploitation and tax evasion. Lastly, ineffective or nonexistent international coordination and cooperation between nations makes it difficult for authorities to monitor and handle cross-border problems like tax evasion and regulatory infractions because deceitful companies might take advantage of jurisdictional gaps.

The definitions of social dumping vary. Ergo, it can be easier to explain this phenomenon using two cases that were brought to the European Court of Justice that show vividly what social dumping is and the difficulties when it comes to combatting it.

Viking Case

The Viking Line ABP, a ferry operator registered under Finnish law, used to run regular services on the route between Tallinn and Helsinki. In 2003⁶, they decided to register the company in Estonia where the wages are lower than Finland. The International Transport Workers Federation (ITWF) is opposed to registering their ships overseas in a jurisdiction with reduced labour costs when their actual headquarters are in another nation. Upon registering in another country, companies immediately engage in social dumping. This is due to the fact that companies relocate in a country with lower wages, resulting in workers being underpaid. This process was also observed in the Viking Case. The Viking Line ABP caused social dumping through their attempt to shift production in nations with “weaker social protection” institutions. This means that the working conditions in these nations were sub-standard to those specified by Finnish law, more specifically in the country the business was registered. Correspondingly, workers were met with poorer conditions in their work environment.

⁶ Zahn, Rebecca. "The Viking and Laval Cases in the Context of European Enlargement." *Etui*, 2008, www.etui.org/sites/default/files/ez_import/zahn3.pdf . Accessed 29 Aug. 2023.

Laval Case

Another example of social dumping is the Laval case that was brought to the European Council of Justice on 18 December 2008⁶. Laval un Partneri – hereinafter ‘Laval’ –, a Riga-based company incorporated under Latvian law, posted workers to Sweden in May 2004⁶ for construction work at a school in the town of Vaxholm operated by a Swedish company. These workers earned much less compared to Swedish workers. The company violated the Directive 96/71 EC concerning the posting of workers, which is a list of the working conditions that employees who are temporarily deployed by their employer overseas (in the "host country") must be given, by not respecting Sweden’s minimum rates of pay for posted workers. As a result, the Swedish Building Workers' Union started negotiations with Laval in order to sign its collective agreement concerning wages and other working conditions – which contained more favourable conditions with higher wages, as required by the Posted Workers Directive.

However, due to the failure of negotiations, Laval and the Latvian building industry trade union, to whom the vast majority of the assigned workers belonged, signed collective agreements. Consequently, the Swedish Trade Union formed a blockade of all the sites Laval was operating on in Sweden, which was permitted by Swedish law. In this case, social dumping occurred again in a different way. Nonetheless, the Swedish government maintained an active role in the resolution of the issue before significant harm was done.

The consequences of social dumping and the social groups affected by this phenomenon

Children

According to the results of The Greens/EFA Group's child labour footprint study,⁷ the EU imported many products from China in 2019 that were allegedly made with forced or indentured child labour. One could more explicitly define the institutionalized use of child labour in industrial processes as a form of social dumping. Unfortunately, children are often victims of social dumping because they are in immense need of money and may even work in abominable working conditions to earn significantly less than the minimum wage. Companies might use child labour to save expenses in nations with weak labour laws and low social standards.

Children could potentially be forced to labour in hazardous environments for long hours for minimal remuneration, depriving them of their right to receive

⁷Bayer, Chris N., et al. *Startseite - Anna Cavazzini*, The Greens/EFA Group, 2019, www.annacavazzini.eu/wp-content/uploads/GreensEFA-study-on-Europes-Child-Labour-Footprint.pdf. Accessed 30 Aug. 2023.

an education and have a healthy childhood. Furthermore, businesses that engage in social dumping could compromise safety as a means of saving money. Correspondingly, it is highly likely that such businesses provide dangerous working circumstances that directly endanger children's health and wellbeing. It is important to consider that underage persons may be exposed to dangerous situations without the necessary safeguards.

Posted workers

Posted workers are people who are sent for a limited period to another country for work. They must be paid at least the minimum wage of the host country. However, it is not rare for posted workers to be paid significantly less than the country's minimum wage and be treated unequally to the native workers. This is because employers may attempt to reduce expenses by enforcing laxer labour standards in the host country, subjecting posted employees to inferior working circumstances. This practice is a violation of "The Posting of Workers Directive (Directive 96/71/EC)" and leads to social dumping and human rights violations. Particularly if the host country has less strict labour laws, it is more likely for posted workers to be subjected to exploitation and unstable working circumstances. The well-being of posted workers might even be jeopardized if employers exploit loose legal restrictions to enforce longer working hours, hazardous working conditions, and inadequate benefits. There have been various cases of abuse, in which posted workers are exploited, not paid enough or at all. Sometimes, the company disappeared (letterbox companies) after legal lawsuits against them.

Immigrant workers

For many migrants, the main route to employment is through subcontractors and recruitment agencies. On one hand, these agencies can mislead the migrants regarding the work environment because it is more profitable for them, resulting in migrants falling victim to social dumping. On the other hand, when subcontracting chains grow, social dumping practices occur often, since there is little to no monitoring of the working conditions that the employees find themselves in. For most migrants, a salary below the official rates in MEDCs still seems fairly acceptable in terms of income especially if comparisons are made with their home countries, making them a more vulnerable target for exploitation. Unfortunately, it is a very widespread phenomenon for employers in MEDCs to be biased toward migrant workers and ignore their interests. This could be caused by xenophobia, cultural prejudices, stereotypes, racism, or even political tensions. Furthermore, it is often the case for migrant workers not to be trusted enough by their native coworkers. As a result, they are excluded from trade unions and are not aware of their employment rights. Unregistered migrant workers who are paid in cash

are also vulnerable to exploitation by employers who unlawfully profit from their wages. This exploitation method is difficult to uncover for the authorities because many migrant workers are not legally registered in the Member State.

Subcontractors from LEDCs

In subcontracting networks, worker exploitation and social dumping can take many different forms, the majority of which are prohibited by law. Subcontracting chains with several tiers of suppliers and subcontractors can be complicated. It gets harder for the main contractor to efficiently monitor and manage every link in the chain as the number of intermediaries rises, which can in certain cases, result in significant crimes, such as several violations of human rights and exploitation. In these situations, employees lose awareness of the abuse because it becomes prevalent within the industry. In other words, workers in the industry accept abuse as a normal aspect of working conditions. As a result, employees are not able to defend their rights, since they are unaware of them.

The 2022 World Cup scandal could also be considered a social dumping scandal concerning the legitimacy of workers' documentation⁸. The alleged violations of human rights, specifically migrant worker rights working in subcontracting chains in Qatar, have caused many controversies. Concerns regarding the construction of World Cup stadiums in Qatar primarily revolve around labour conditions and human rights violations. Additionally, there have been cases of workplace accidents and fatalities, raising questions about safety standards on these construction sites.

According to the report of the Syndicate European Trade Union Confederation from the year 2021 on subcontracting, an absence of worker complaints has been noted.⁹ This particularly impacts individuals from LEDCs who frequently refrain from reporting workplace infractions, since they are in fear of losing their job contract and their work permit. The status of these people without work permits is even more problematic. If they voice concerns about violations of workers' rights, they could be easily subjected to immigration sanctions, which could include being forced to return to their home country.

⁸ AL MARRI, ABDULRAHMAN, and HIND AL ANSARI. "World Cup in Qatar: Human Rights and Normalization." *Carnegie Endowment for International Peace*, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE, 26 Jan. 2023, carnegieendowment.org/sada/88890. Accessed 18 Nov. 2023.

⁹ Syndicat European Trade Union Confederation. "SECURING WORKERS' RIGHTS IN SUBCONTRACTING CHAINS." *ETUC | European Trade Union Confederation*, July 2021, www.etuc.org/sites/default/files/2022-01/Securing%20workers%20rights%20brochure_EN.pdf. Accessed 25 Sept. 2023.

Social Dumping in MEDCs

It is a misconception that social dumping only concerns and occurs in LEDCs. In reality, it is very frequent for huge multinational companies operating in MEDCs to search for inexpensive labour. In MEDCs the following sectors are greatly affected by social dumping:

Road transport

Large logistic companies often prefer workers from LEDCs to keep labor costs as low as possible. Such companies exploit the need of workers from LEDCs for employment and only provide little compensation, to maximize their competitiveness. A very common exploitation method is for employers to look for inexperienced workers from LEDCs, and offer them work as car valets or truck drivers. After providing them with employment, employers make use of the workers through means such as paying salaries that are sub-standard to the minimum wage, forcing them to work without any breaks and limiting their access to healthcare and social security. In the transport industry when social dumping occurs, it can damage the health and dignity of workers. More specifically, transport workers mostly live in their vehicles, where access to bathrooms or unlimited drinking water is limited. These living conditions are compensated only with low salaries, under the minimum wage. The aforementioned working conditions can have severe long-lasting health impacts on workers.

Construction

Social dumping has primarily included the violation of collective agreements through subcontracting arrangements in the construction industry, where trade unions are a major force. The primary means of obtaining jobs for many immigrants is through subcontractors and employment firms. The construction industry is less regulated and social dumping activities are more prevalent the further down the subcontracting chain one goes, since it is difficult for external agents to make frequent checks on the working conditions that prevail in these chains.

Furthermore, the living conditions of construction workers in MEDCs are miserable. For instance, many workers live in adequate housing despite having to pay expensive rent. The Qatar World Cup 2022 scandal can, again, be used as an example of such terrible living conditions, where workers were cramped up in small rooms with no health protections, which increased the risk of

getting COVID-19 at its peak during the pandemic¹⁰. Employees who call attention to insufficient health and safety measures may be fired without cause, subjected to blackmail, or even sued.

Hospitality sectors

Social dumping in the hospitality industry, which is now mainly deunionized and characterized by an informal work culture, is frequently associated with disregarding current employment laws. Ergo, it is a frequent phenomenon for human rights violations to occur in the sector. Much of the work in the hospitality sector is casual and seasonal, often involving long working hours, atypical work arrangements, low wages, and poor working conditions. However, social dumping in the sector not only harms workers but harms the quality of service and creates unfair competition. Companies that participate in social dumping have the potential to negatively impact local competing businesses that follow ethical labor norms and procedures. These enterprises undercut ethical businesses by creating an unfair playing field by offering cheaper prices as a result of decreased labour expenses. As a result, small and ethical businesses may be pressured to find other means of increasing their income and competitiveness.

The Race to the bottom and Social dumping

The race to the bottom is a type of competition between companies, where they reduce labour costs to gain a higher income by sacrificing the working conditions and their employees' safety. A common way to reduce labour costs is by moving operations overseas to areas with lower labour costs and not strictly established worker rights and by exploiting non-unionized workers. It is unhinged competition that damages the environment, employees, the community, and the companies. This strategy is commonly used in the retail industry, in which they utilize benefits and salary cuts as convenient targets.

The industry opposes changes to labour laws that would provide benefits in the workers' income since doing so would raise production expenses. Many retail businesses have relocated the manufacturing of their products overseas to nations with cheaper salaries and benefits in response to rising wages and benefit demands, or they have encouraged their suppliers to do so by utilizing their purchasing power. The competition among LEDCs desperate for foreign direct investment (FDI) is fierce, and large multinational businesses are a particularly preferred target. When companies engage in the "race to the bottom", social dumping occurs forcing many workers to live in abominable conditions to earn really low salaries.

¹⁰ AL MARRI, ABDULRAHMAN, and HIND AL ANSARI. "World Cup in Qatar: Human Rights and Normalization." *Carnegie Endowment for International Peace*, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE, 26 Jan. 2023, carnegieendowment.org/sada/88890. Accessed 18 Nov. 2023.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

Bangladesh

On 24 April 2013, the Rana Plaza factory collapsed in Dhaka, Bangladesh causing over 1,100 people, mostly garment workers, to lose their lives¹¹. Many garment factory workers blockaded highways and attacked factories for refusing to give workers a day off to mourn. This disaster showcases the negative impact of “the race to the bottom”, since Bangladesh is, to this day, the world’s second-largest exporter of cheap clothing and is a preferred destination for Western companies to move their production to. Currently, there are around 4 million garment workers, representing a sizeable part of the country’s 69 million total labour force¹¹. In 2018, it was estimated that 60.5% of garment workers were women¹¹. After the disaster, the Bangladeshi government started inspections of many garment factories and has attempted to improve safety in these factories. The Rana Plaza tragedy highlighted the importance of upholding workers' rights and fostering more social interaction between the government, businesses, and trade unions. Over the past ten years, there has been significant progress. Nevertheless, garment workers in Bangladesh still face social dumping and bad working conditions.



Figure 1: New trade unions registered in the Bangladeshi garment sector between 1970 and 2022¹¹

¹¹ILO (International Labour Organization). "The Rana Plaza Disaster Ten Years On: What Has Changed?" *International Labour Organization*, Apr. 2023, www.ilo.org/infostories/en-GB/Stories/Country-Focus/rana-plaza#compensation . Accessed 3 Sept. 2023.

France

Concerns about social dumping have been brought up in France in relation to its involvement in the European Union (EU) and the free movement of labour within the EU. Similar to other EU members, France permits free movement of labor, granting non-discriminatory access to employment and residence in France for nationals of other EU nations. Between EU Member States, earnings can vary significantly, with some having lower wages than others. Workers from LEDCs may decide to relocate to MEDCs such as France in search of better employment possibilities. However, foreign workers are not often treated equally to native ones in France as well. As a result, they get paid less and face social dumping. Like other EU nations, France has been developing social dumping prevention strategies to address these concerns. This entails enhancing labour inspections, upholding current labor laws, and promoting EU-level reforms to guarantee fair competition and safeguard workers' rights.

Pakistan

Pakistan is a country highly preferred by colossal companies when they decide to shift their production overseas to take advantage of the low labour costs. These companies exploit workers by providing poor working conditions and inadequate social protections. Consequently, the daily challenges many workers face in their daily lives dramatically increase. More specifically, there are no laws to protect employees from working shifts longer than eight hours without overtime pay. Employees do not get social security, cannot create unions, and have no right to weekly leave. Another huge problem in Pakistan is child labor, with about 3.3 million of Pakistani children¹² being trapped in such conditions, depriving them of their childhood, their health and education, and condemning them to a life of poverty. Children in Pakistan are vulnerable to many forms of violence (physical, psychological, sexual) and exploitation, including economic exploitation and child trafficking, since they are forced to work under such conditions to earn little money.

United States of America (USA)

In the USA, social dumping usually involves companies exploiting lower labour costs, weaker and different labour laws, or fewer social protections compared to other countries. State-by-state differences exist in the labour laws and standards in the United States. Some states might have weaker labour laws and lower minimum wage standards, which might tempt businesses to relocate operations there to save money on labour costs. This may lead to differences in pay and maybe worse working conditions for workers in such states. Furthermore, due to the lack of universal healthcare coverage, firms frequently include health insurance as part of employee remuneration. Jobs may be moved or outsourced to nations with less expensive

¹²UNICEF. "Child Protection." *UNICEF*, www.unicef.org/pakistan/child-protection-0 . Accessed 3 Sept. 2023.

healthcare or social security requirements. This shift could jeopardize the social safety net for American employees. Migrant workers in the USA are also affected by social dumping, since they may face discrimination and exploitation by taking low-salary jobs.

European Union (EU)

The European Union has been active in combating social dumping by adopting legislation that aims to prevent this phenomenon. Although the European Union's legislative authority in labor law is limited, soft law and social dialogue are also used to address the issue. More specifically, the first framework for defending the social rights of posted workers and preventing social dumping was provided by the Posting of Workers Directive (Directive 96/71/EC, adopted in 1996 and in effect since December 1999). The European Parliament also passed its own initiative resolution on social dumping in September 2016. The resolution called for several actions to strengthen controls, fill regulatory gaps, update working conditions, and foster social convergence. Furthermore, the European Union allows its citizens to live and work in another Member State and to be treated equally to the citizens of the host country, according to the Free Movement of Workers¹³. This movement is very helpful when it comes to limiting social dumping since it provides security to the workers. The European Union and the European Parliament acknowledge the problems created by social dumping and have engaged in trying to combat it for many years by adopting the aforementioned legislations and resolutions.

Category/issue	Social security (Regulation 883/2004 & Regulation 987/2009)	Working conditions and pay
1. EU citizens	As nationals	As nationals (national legal and bargaining frame)
2. Self-employed EU citizens	As nationals	As nationals (not regulated)
3. Posted workers	Home country	Directive 96/71

Figure 2: Social Security and working conditions in Europe¹²

International Labour Organization (ILO)

The International Labour Organization was created in 1919 as one of the terms of the Treaty of Versailles which ended World War I to reflect the belief that universal and lasting peace can be accomplished only if it is based on social justice. The ILO is the only tripartite U.N. body, bringing together governments, employers, and workers from 187 Member States to set labor standards, establish laws, and create programs that support decent employment for all humans. The organization is committed to advancing social justice and universally acknowledged human and labor rights. The organization's agenda for "Decent Work" today contributes to improving the

¹³ European Parliament. "Free movement of workers." www.europarl.europa.eu/erpl-app-public/factsheets/pdf/en/FTU_2.1.5.pdf.

economic and working circumstances that allow all employees, employers, and governments a stake in long-term peace, prosperity, and advancement. This UN agency has protected many workers from social dumping through the aforementioned measures and work-related crime, it has also improved their working conditions, by creating soft laws and engaging in social dialogue between employers, trade unions and governments.

TIMELINE OF EVENTS

DATE	DESCRIPTION OF EVENT
1919	The International Labour Organization (ILO) is created.
1996	The Posting of Workers Directive is adopted.
2003	The “Viking Line ABP” company decides to move their registration from Finland to Estonia.
18 December 2008	The Laval Case is brought to the European Council of Europe.
19 November 2008	Directive 2008/104/EC on temporary agency work is adopted.
2012	The European Federation of Building and Woodworkers (EFBWW) undertakes a campaign against social dumping.
24 April 2013	The Rana Plaza Disaster takes place in Bangladesh.
14 September 2016	The European Parliament adopts a resolution on social dumping in the European Union (2015/2255(INI)).
2018	ILO research shows that 60.5% of garment workers in Bangladesh were women.
2019	The EU imports billions of euros worth of Chinese products that were made with forced child labour.
1 October 2022	The Norwegian Action Plan Against Social Dumping is adopted.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

The Posting of Workers Directive (Directive 96/71/EC, adopted in 1996 and in force since December 1999)¹⁴

The Posting of Workers Directive established the first legal foundation for defending posted workers' civil rights and preventing social dumping. This directive is a list of the working conditions that employees who are temporarily deployed by their employer overseas (in the "host country") must be given. Its objectives aim at ensuring worker protection and leveling the playing field for service providers. Host countries are obliged under European Law to treat posted workers and native citizens equally.

Some of the regulations and administrative provisions that Member States must abide by concern maximum work periods and minimum rest periods, paid vacation, respect of the minimum wage, appropriate working conditions for everyone, equal treatment between the workers and non-discrimination policies. This directive is one of the most effective actions that have been taken against social dumping and has been working as a foundation for all the latest legislation concerning this issue, since it protects workers and prevents them from being victims of social dumping.

European Federation of Building and Woodworkers (EFBWW) campaign against social dumping¹⁵

The European Federation of Building and Woodworkers (EFBWW) recognizes the importance of tackling the crucial problem of social dumping. Therefore, in 2012, they created a campaign to raise awareness on the matter, along with a list of demands on a European Union level and a national level. When it comes to the European Union's jurisdiction, the demands concern: the change of EU legislation to close loopholes that harm workers. Closing these loopholes would enhance legal protections, ensuring fair treatment, and preventing practices such as social dumping. Furthermore, the creation of social security cards and numbers for all workers, which seeks to eliminate disparities and provide a consistent level of support for all workers within the EU. Additionally, the improvement of cross-border exchange of digital data, which will enable better oversight of businesses and preventing the evasion of regulations through practices such as the use of letterbox companies. Lastly, more demands concerning the protection and security of workers who are victims of social dumping. As far as each Member-State is concerned, the EFBWW calls for strong domestic cooperation between trade unions and all national authorities, protection of exploited workers, proper cooperation and exchange of all relevant data between national administrations. This campaign has helped to raise awareness on the matter and

¹⁴ European Parliament & Council of the European Union. "Directive 96/71/EC of the European Parliament and of the Council", *EUR-Lex*, 16 December 1996, <https://eur-lex.europa.eu/eli/dir/1996/71/oj>.

¹⁵ European Federation of Building and Woodworkers. "Stop social dumping", *European Federation of Building and Woodworkers*, <https://www.efbww.eu/campaigns/stop-social-dumping/65-a>.

combined with the other strategies adopted by the European Union it has contributed to the resolution of the problem.



Figure 3: The campaign against social dumping from the European Federation of Building and Woodworkers¹⁶

European Parliament resolution on social dumping in the European Union (2015/2255(INI))¹⁷

On 14 September 2016, the European Parliament adopted a resolution on social dumping. The resolution addresses important measures to combat the issue, such as strengthened security measures, equal pay, and addressing risks related to long subcontracting chains. The resolution also refers to measures whose goal is to protect mobile workers in the transport industry specifically by improving working conditions in the aviation and shipping industries and by enhanced monitoring of the application of working time and rest time regulations in the industry. Lastly, the resolution stresses the importance of helping women affected by social dumping by promoting collective bargaining and tightening oversight over companies that send domestic employees to other Union members. This resolution is one of the most important ones created by the European Union and has contributed in combatting of the phenomenon. It is also considered as one of the most effective ways of preventing social dumping, since its sole purpose is to resolve this issue via the fore mentioned means.

Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work¹⁸

The EU's Temporary Agency Task Directive 2008/104/EC, adopted in November 2008, was created to ensure that people hired through employment agencies receive the same salary and working conditions as people hired by the same company to perform the same task, by establishing universal minimum requirements for temporary agency

¹⁶ European Federation of Building and Woodworkers. "Stop social dumping." photograph. 2010, www.efbww.eu/stream/43f19aaf-a222-49d2-ad1f-a9a5c45cc1a9 . Accessed 11 July 2023.

¹⁷ European Parliament. "European Parliament resolution of 14 September 2016 on social dumping in the European Union", *EUR-Lex*, 14 September 2016, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016IP0346&rid=4>.

¹⁸ European Parliament & Council of the European Union. "Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work", *EUR-Lex*, 19 November 2008, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32008L0104>.

work. The goal of this directive, is to establish universal minimum requirements for temporary agency work across the EU. More specifically, they aim to ensure a high standard of living, quality of life and provide everyone with the same opportunities by creating legislation to prevent discrimination. This previous attempt has, however, not been effective because there is no means of monitoring whether these working conditions are being abided by companies.

The Norwegian Government's action plan to combat social dumping and work-related crime

The Action plan to combat social dumping and work-related crime was submitted by the Norwegian Government on 1st October 2022. The Norwegian government aims to support, through this action plan, organized labour relations and protect employee rights. It will examine and take policies into account that can improve the assistance for victims of blatant exploitation. Further, the government will consider criminalizing various types of employer-perpetrated exploitation of foreign workers that are not considered to be human trafficking. Cases of social dumping and work-related crime sometimes involve breaking the law in the purview of different agencies. This move is excellent for both preventing and combating social dumping, but because it was only recently implemented, more time will be needed to fully assess its effectiveness.

POSSIBLE SOLUTIONS

Promotion of Fair Wages

Fair wages can be achieved through a combination of adequate minimum wages, collective bargaining over wages, and measures to promote equal pay and reduce the gender pay gap. Although adequate minimum wages exist in several countries, they are not always respected. Even if the minimum wages are respected very often they do not reflect living wages, meaning that the minimum wage does not enable workers to meet their basic needs. Therefore, it is really important to urge nations with really low minimum wages to raise them in order to support the workers. Therefore, it is imperative that nations with really low minimum wages be urged to raise them in order to support workers. In addition, in LEDCs workers are not aware of their rights making them victims of exploitation. Trade unions can inform workers in poor regions about their rights and encourage them to negotiate collectively with employers to secure fair wages and working conditions. Lastly, the enforcement of laws and policies that ensure equal pay for equal work, regardless of gender, race, or other factors, is necessary. Closing the gender pay gap and addressing wage discrimination are also crucial for promoting fair wages.

Creation of a universal regulation on decent work in subcontracting chains

The ECOSOC should encourage the establishment of a universal legislation, by collaborating with the GA6 (Legal Committee), which will contain measures

concerning liability, decent work, transparency, and justice throughout subcontracting chains. Firstly, contractors' compliance with legal obligations and labour standards, including applicable collective agreements, should be strengthened by mandatory joint and several full chain liability, which will be controlled by a separate organ. Collective bargaining and applicable collective agreements must be enforced throughout the subcontracting chain in order to ensure that the principle of equal treatment and its practical implementation for equal work in the same place are respected, regardless of where the workers come from or how they are contracted. The regulation should include an obligatory monitoring procedure, which will help ensure that the subcontracting chain does not engage in social dumping and exploitation of workers. As far as transparency is concerned, the regulation should make it obligatory that the primary contractor, or the leading undertaking verifies the subcontractor's actual activities, its social record, and its compliance with applicable regulations. Finally, investigations should be conducted continuously to ensure that workers are paid equally and adequately.

Enhancement of Transparency in Supply Chains and creation of effective reporting and monitoring mechanisms

Companies should provide additional details about suppliers, subcontractors, and labor policies in order to improve supply chain transparency. Due to this transparency, social dumping issues can be recognized and addressed by stakeholders. Thus, businesses will be able to evaluate the risks of social dumping and identify possible areas of concern when they have a thorough awareness of the supply chain structure. Governments could have the authority to enact laws or rules requiring companies to disclose information about their supply chain procedures, including actions taken to prevent social dumping. For instance, information on measures taken to guarantee fair labour practices, audits carried out, and activities taken to resolve any issues found may be included in reporting requirements. Furthermore, third-party audits or independent verification processes can add credibility to the information provided by businesses and ensure a more objective assessment. Lastly, the collaboration with stakeholders could appear beneficial. For instance, engaging with stakeholders such as advocacy groups, labour unions, and non-governmental organizations (NGOs), this collaboration will promote a group strategy to combat social dumping and enable the sharing of best practices.

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