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SECTION 1

EU GENERAL: PUSHING FORWARD IN THE RIGHT DIRECTION



Future of the EU: Promoting a democratic and social union

Demands

- A social progress protocol to the EU Treaties endorsing greater social justice.
- The Commission needs to actually keep its promise to "leave no one behind" and ensure that the rights of workers are not overlooked in the process for "cutting red tape" and "better regulation".
- The European Parliament must finally be given the right of initiative in the legislative process and a greater say in selection of the European Commissioners. This will strengthen democracy in the EU. Furthermore, the social partners should be more closely involved in the preparation of introductions of bills.
- Reform of the current one-sided fiscal requirements: Member States must have the opportunity to invest in the attainment of economic, social and economic goals. The Green Deal and social and environmental restructuring can only be implemented by means of substantial public investment.
- Promote the EU's ability to act: abandon the principle of unanimity wherever it seems necessary from a democratic policy standpoint, such as in the case of tax policy (think financial transaction tax). Individual States should no longer be able to block a predominant majority at EU level.

Background

With a narrow majority of 291 votes in favour and 274 against (44 abstentions), the European Parliament adopted a [resolution](#) on 22 November 2023 on the reform of the EU Treaties. New geopolitical challenges and current efforts towards a future enlargement of the EU highlight the need for reform, which needs specifically to strengthen the EU's ability to act and endorse its democratic legitimacy.

In the long term, without reform of the current EU Treaties, it will be difficult, if not impossible, to find a European response to current challenges.

Reasons and arguments

The last far-reaching change to the EU Treaties dates back to 2009, when the Treaty of Lisbon came into force. Many of the proposals put forward by the European Parliament would significantly strengthen social justice in the EU, which is why the heads of State and Government should now take up the European Parliament's resolution and decide that it will be examined at a convention.

Promoting greater social justice

The "social progress protocol" is intended to ensure that fundamental social rights and/or worker rights no longer need to take second place to corporate freedoms, especially when they come into conflict. Specifically, it is intended to correct the line in ECJ case law that has created absolute bans on restricting entrepreneurial market freedoms (instead of the former bans on discrimination) – with the result that fundamental social rights and/or individual or collective labour rights suffer.

Aiming to strengthen democracy

As the only directly elected EU body, the European Parliament still has no right of initiative in the legislative process. A right of initiative for the European Parliament appears necessary from a democratic policy perspective. This contrasts with the often non-transparent working methods of the European Commission, which currently has the sole right of initiative for new laws.

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Better regulation must take the interests of all stakeholders into account

Demands

- AK calls for EU standards to be drafted in such a clear and simple way that they can also be easily understood by people who are not legal experts.
- Potentially outdated and complex legislative matters should undergo a thorough review on a case-by-case basis as part of a democratic process and be revised or repealed if necessary.
- Under "Better Regulation", the interests of all stakeholders need to be always considered equally. Legislation geared towards the interests of a single group must be robustly rejected.
- A one-in, one-out approach or stronger manifestations of such an approach (two-out or three-out), under which one or more existing laws are repealed for every new law, should be rejected because purely quantitative targets may be counterproductive and the quality of legislation may even be impaired as a result.
- Considerations of red tape or gold plating are counterproductive because such approaches would mean that national standards exceeding EU minimum standards and advantageous for many players would no longer be permitted.

Background

European Commission President von der Leyen has driven the "Better Regulation" agenda forward over the past five years and has also declared it a priority for the coming legislative period. She places special emphasis on "cutting red tape and reducing administrative burdens". It is becoming increasingly obvious that this agenda is primarily a deregulation agenda for the benefit of corporations. Instead, the Commission should be urgently focusing on high-quality legal proposals that give equal consideration to all stakeholders in the EU economies.

Reasons and arguments

The "Better Regulation" agenda must not lead to a situation in which it is no longer possible to improve standards in employment, social, consumer and environmental protection or other areas of social importance and in which existing standards may be undermined.

The aim is to implement better social standards instead of reaching a gridlock due to a misguided "Better Regulation" agenda.

In the past, neglected and ineffective legislative efforts led, among other things, to the financial crisis due to a lack of an appropriate framework for granting loans. The costs associated with this partly unregulated fool's privilege were enormous.

"Less is not always more" – this adage also applies to the number of laws. The Commission should therefore distance itself from notions such as the one-in, one-out or the red-tape approach.

Purely quantitative targets such as the elimination of 25 percent of reporting obligations for companies carry the risk that important information necessary for the smooth running of an economy will also fall victim to such targets. Preference should therefore be given to a qualitative approach, which ensures that obsolete and no longer necessary standards can be repealed while essential regulations are retained.

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Restricting dominance of corporate lobbying

Demands

- It needs to be mandatory for companies and organisations that lobby the EU Institutions to register with the EU Transparency Register. At present, registration is purely voluntary.
- The Council should undertake to disclose its lobbying encounters and participate in the EU Transparency Register. Currently, only the European Commission and the European Parliament participate in the register.
- The European Commission needs to ensure a balance with respect to encounters with stakeholders. The current practice of giving preference to corporate representatives weakens the credibility of the European Commission in the legislative process. The concerns of employees and consumers, as well as environmental issues need to be taken into consideration more thoroughly.
- Care must also be taken to ensure balanced representation of all interests concerned when appointing Commission expert groups.
- Career moves from EU Institutions to the private sector need to undergo independent monitoring. A cooling-off period of three years should be introduced before such a career move is permitted in the event of conflicts of interest.

Background

When EU representatives meet with lobbyists, there is a clear imbalance in the ratio of business representatives to representatives from social sectors. For example, in the case of AI applications, 86% of the European Commission's meetings have [been with big-tech corporations](#). Even in the case of the Green Deal, the Commission met with corporate representatives in 60% of cases. AK advocates balance in the meetings of the EU Institutions with lobbyists to ensure that the interests of all representatives are considered equally.

Reasons and arguments

It is the task of EU politicians to serve the common good. The partisan pursuit of interests, for example for certain economic sectors, harms other parts of society and plays into the hands of populist forces. Especially after allegations of corruption, espionage involving third countries and rapid changes from EU jobs to high-paying positions in the private sector (in areas where decision-makers previously acted as legislator), the priority needs to be to ensure a balance with respect to schedules with stakeholders.

The lobbying power of corporations

The great influence on EU decision-makers is especially evident in the case of very large-scale corporations. For example, [digital corporations](#) spent around EUR 113 million on lobbying in Brussels in 2022 alone. In the case of the Artificial Intelligence Act, the highest representatives of the Commission met with industry lobbyists in 73% of cases, while only 11% of meetings were with civil society representatives.

An unequal relationship

[According to the EU Transparency Register](#), there are only two employee representatives for every 100 business organisations that lobby EU decision-makers. The 30 organisations and companies with the highest lobbying budgets exclusively represent business.

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Strengthening public services of general interest

Demands

- As a **core element of ecological and social restructuring** of the economy, the **expansion of public services of general interest is necessary** so that people realise that decarbonisation does not come at the expense of social security and the quality of services of general interest.
- **Establishing a highly endowed permanent investment fund with** a focus on climate protection and **easing of fiscal rules**: Social and ecological restructuring requires massive public investment. The EU must also provide well-endowed funding programmes for this purpose. Investments in public services are investments in the future.
- **No more liberalisation and privatisation** of public services of general interest: Many promises have been broken in the past. Liberalisation leads to poor working conditions for employees and often to higher prices for consumers given that the goal of private companies is to turn a profit.
- **Facilitating inter-municipal cooperation**: Cities and municipalities are key players in the provision of services of general interest. They implement up to 90 percent of climate change adaptation measures. Currently, requirements under public procurement law and the VAT system (2006/112/EC Art. 132(1)(f)) hinder their cooperation.

Background

To enable people to enjoy a good life in a healthy environment in the future, they need well-set up and affordable public services. This means all public services that are especially important for day-to-day life, including the provision of goods and services such as electricity, water supply and disposal, waste management, healthcare, welfare, childcare, care for the elderly and housing, education, communication, culture and sport, the design of public spaces and mobility.

Privatisation and liberalisation in the course of deepening of the EU internal market have led to poorer working conditions for employees in certain

areas in recent decades (primarily in the mobility and postal sectors). Services of general interest that are in public hands are oriented towards the well-being of citizens, rather than maximising profit as is the case with private providers.

The climate crisis poses major challenges for the economy and society. In order to get people on board and bring the climate crisis under control, we need a [social and ecological transformation](#). In recent years, the EU has introduced many measures for environmental restructuring in the form of the Green Deal. In the coming years, far greater emphasis needs to be also placed on social restructuring. Strengthening and expanding public services of general interest plays a key role here. Well run services of general interest are crucial for the development of sustainable life opportunities. They enable people on low incomes in particular to participate in society and thus make a decisive contribution to the high quality of life and to combating poverty. This also includes improvement of working conditions in general and in the mobility sector in particular, as well as rejection of tendering obligations, e.g., for public bus transport.

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Reasons and arguments

The various crises that have arisen over recent years have also posed immense challenges for those involved in the provision of services of general interest. The Covid-19 pandemic has shown that countries that cut back on healthcare can no longer provide their populations with adequate care. The invasion of Ukraine by Russia has not only brought human suffering to Europe, but has also triggered spiralling energy prices and a sharp rise in inflation. More frequent extreme weather events, such as more heat waves, tropical nights, torrential rainfall with flooding and forest fires show how urgent it has become to take measures to mitigate the effects of climate change.

The necessary environmental and social restructuring of our economic system will only succeed if people can see that such restructuring will not be at the expense of social security and the quality of services of general interest. Financing of the social and ^{ecological} transformation is one of the key issues for local authorities and municipal enterprises to ensure that they can offer high-quality and affordable services in the interests of the public. Such services must be provided under public control outside of the market in order to halt the negative consequences of liberalisation and privatisation.

Services of general interest in the EU internal market

EU internal market rules have a direct impact on the organisation of public services of general interest. Completion of the EU internal market was marked by liberalisation in many areas of services of general interest (postal services, energy supply and rail transport etc.). In the water sector, liberalisation efforts have been fended off to date, not least thanks to the successful European citizens' initiative "[right2water](#)". As many of the promises of liberalisation and privatisation in services of general interest have not been fulfilled in the past, [services have returned to the municipal authorities \(remunicipalisation\)](#) in many areas. The future of the EU internal market is now back on the agenda. In April 2024, former Italian Prime Minister Enrico Letta presented a report on the future of the EU internal market on behalf of the European Commission ("[Letta Report](#)") entitled "[Much more than a market](#)". In addition to the free movement of goods, persons, services, capital and payments, it proposes adding a fifth fundamental freedom to the internal market: the freedom of research, innovation and education. The "Letta Report" emphasises, among other things, an active industrial and energy policy that is designed to give companies planning security in the current

uncertain times and during the transformation. However, the strengthening of services of general interest as a guarantee for offering people good care has hardly been addressed. Despite its importance for the future as a means for safely navigating crises.

Strengthening services of general interest for a social and just transition

Services of general interest are all about quality, affordability and reliable availability. Adequately financed and high-quality services of general interest enable people to lead a good life. We therefore need to shape a "just transition" actively. Social upheaval needs to be avoided and the opportunities for value creation, employment and participation associated with change must be exploited. Local people benefit from this approach in a variety of ways. Public services of general interest provide high-quality services to all people across the board in a socially just and non-discriminatory manner and ensure fair working and income conditions for workers. There is a sharp difference in that respect between public and private providers, since the latter are primarily focused on maximising profits.

Tightening of the EU fiscal rules

To finance the social and ecological restructuring of services of general interest, we need an investment fund with a focus on climate protection, a relaxation of the new fiscal rules and more democratic economic governance. The conversion and expansion of public assets alone (transport, public buildings and energy) will require EUR 87 billion in additional expenditure in Austria by 2030. One option would be to relaunch the EU Recovery and Resilience Facility from 2026 onwards with a social and ecological focus in order to strengthen investments in the Member States. The new European fiscal rules and their monitoring need to offer even greater scope for social and ecological restructuring. They must become more democratic through greater involvement of national parliaments, the European Parliament, civil society and the social partners.



EU enlargement: fairness is required

Demands

- **Strengthening EU competencies, expanding democracy:** The tight constraints of the EU Treaties severely restrict the EU's social and environmental development and democratic capacity to act. A treaty reform needs to overcome these roadblocks and it is one of the key requirements for the EU to be able to integrate new Member States.
- **Ensuring the success of the Green Deal:** Failure to achieve a fair environmental transition will lead to a massive loss of prosperity in Europe and make societies more vulnerable to the consequences of the climate crisis. Under such circumstances, the EU would not be capable of enlargement.
- **A new push for a social Europe:** Combating the high number of precarious employment in Europe and the growing gap between rich and poor in many EU countries needs to become a political focus, as must measures to tackle the climate crisis. A decline in poverty and unemployment rates and narrowing of the prosperity gap are important indicators of the EU's integration capacity, since they pave the way for upward social and economic convergence of new Member States.
- **Expansion of social partnership in the acceding countries:** Strong social dialogue is an important indicator of the EU's integration capacity. The existence of functioning social partnership structures in the acceding countries should be included in the final assessment of eligibility for accession.
- **Considering alternatives to full membership:** It currently cannot be foreseen when the EU will have the capacity to integrate new Member States. Under no circumstances should there be a hasty enlargement, which could reinforce the fault lines within the EU and jeopardise the integration project as a whole. Alternatives to full membership should therefore be considered (e.g., enlargement of the EEA), without ruling out full EU membership in the future. One-sided expansion of the internal market without corresponding social, environmental and labour standards must be rejected.

Background

The EU is considering a new round of enlargement to include the acceding countries: Albania, Bosnia-Herzegovina, Montenegro, North Macedonia, Serbia, Ukraine, the Republic of Moldova and Georgia. The Republic of Kosovo applied for membership in 2022, but faces the problem of a lack of recognition by Serbia, China, Russia and five EU Member States. Accession negotiations with Turkey have been frozen since 2018; Armenia is also considering accession. This round of enlargement is taking place against a changed geopolitical backdrop. Russia is at war with Ukraine and has deployed troops in Georgia and Transnistria. Against this backdrop, accession negotiations need to be conducted in parallel with talks about a new pan-European security architecture. This may help to resolve or defuse existing conflicts.

Nationalist forces in the EU have gained considerable influence since the economic and financial crisis of 2008, particularly in the countries that joined in 2004. Among other things, this has led to conflicts on key issues of economic, monetary and migration policy between several "old" and "new" Member States and puts a strain on the integration process. This development is partly due to rigid EU policy in the wake of the "euro crisis", which has put a massive burden on social cohesion within and between the Member States.

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Reasons and arguments

The EU needs to become more capable of acting, more democratic and more social in order to enable the integration of new Member States. Integration capacity is part of the [Copenhagen accession criteria](#), which define the eligibility requirements for EU membership. Integration capacity (the ability to integrate new Member States and maintain the power of integration) has so far been accorded little importance. In its [Conclusions](#) of 14/15 December 2023, the European Council emphasised that both the future Member States and the EU need to be ready at the time of accession. However, there is no clear definition of integration capacity. In the opinion of AK, this criterion should be of central importance and linked to social progress and reduction of the prosperity gap in the EU in order to pave the way for upward social and economic convergence of new Member States.

Strengthening the EU's competences, expanding democracy

- The European Parliament should be given a right of co-decision in all policy areas, a right of initiative, a right to decide on the appointment of judges to the ECJ and greater powers to appoint and dismiss European Commission members. Member States should be vetoed from blocking European majorities.
- Social dialogue should be promoted as an essential element of an efficient welfare state based on solidarity.
- Greater democratic EU economic policy with prosperity and well-being at its core. Unilateral economic policy stipulations in the treaties should be repealed.
- The market freedoms of super fundamental rights of business entities should be downgraded to equal treatment requirements, as provided under the European [Pact for Social Progress](#). This will deprive them of their deregulatory power over social and public systems.

Ensuring the success of the Green Deal

- Enlargement, the environmental transformation and the socially just transition to climate neutrality require a much higher EU budget and a fundamental overhaul of the EU multiannual financial framework.
- A new climate investment fund and an expansion of the Just Transition and Climate Social Fund are needed. The budget for the European Social Fund Plus should be increased.

- The rules for financing and distributing the EU budget should be fundamentally revised. Currently tax revenues from employment and consumption contribute disproportionately to financing the EU budget. To ensure that this ratio does not increase and, indeed, it actually decreases in the future, new additional own resources are urgently needed (e.g., in the form of a financial transaction tax).

A new push for a social Europe

- Strengthening the European Pillar of Social Rights through a new social action programme to take substantial steps towards social progress. Ambitious EU-wide minimum social standards for national unemployment insurance and minimum income schemes for ensuring adequate social protection. Creating minimum standards for working conditions in health care professions and personal care, with regard to the protection of workers against mobility-inhibiting and unfair contractual clauses and the use of artificial intelligence (AI) in the job world.
- Implementing the EU core objectives for 2030 in the areas of employment, skills and reducing poverty.
- A job guarantee for the long-term unemployed, established and financed at the European level, will create jobs with fair pay and good working conditions in the public sector, at state-affiliated companies or specialised social enterprises. This will support people who often no longer have much of a chance on the labour market. Focus on the green transformation and the expansion of social infrastructure (education, care and social work etc.).

Expansion of social partnership in the EU and in the acceding countries

- Strengthening social partnership structures in the acceding countries, as called for in the "Tripartite Declaration for a Thriving European Social Dialogue", signed in Val Duchesse at the end of January 2024.
- Strong social dialogue as an important indicator of the EU's integration capacity. The existence of functioning social partnership structures in the acceding countries should be included in the final assessment of eligibility for accession.

SECTION 2

ECONOMIC POLICY FOSTERING PROSPERITY AND FAIRNESS



The European Semester and economic governance. Setting the course for prosperity

Demands

- "Economic Governance" - EU economic governance is one-sided. The focus is on pressure to make cuts. **Promoting sustainable development of well-being and prosperity** needs instead to **become the focal point**.
- The recent reform of economic governance was likewise disappointing given that the focus still remains austerity. The task now is to prevent a **return to austerity policies**. Specifically, an exception is needed advocating public investments.
- **The method for calculating Debt Sustainability Analysis (DSA) must be reformed** through a transparent, participatory process.
- To successfully accomplish social and environmental transition, **considerably more financial resources need to be raised** to support important social and environmental transition projects.
- The **social dimension must be further strengthened**: The Social Convergence Framework represents a first step. Further improvements are needed to the sets of indicators, which finally need to be given serious consideration.
- The **European Parliament** must be given co-decision rights on the documents of the European Semester at European level in order to **lend the process democratic legitimacy**. The current democratic deficit means that the European Commission's room for manoeuvre when making country-specific recommendations in the form of specific policy measures needs to be viewed critically.
- The **social partners** must be effectively and substantially involved in the European Semester at both European and national level.

Background

The European Semester introduced in 2011 formed the framework for the coordination of economic, budgetary, employment and social policy in the EU. The reform of economic governance came into force on 30 April 2024. This means 2024 is a transition year. The previous national reform programmes will be discontinued. Instead, medium-term fiscal and structural plans are to be submitted by the Member States to the European Commission; such plans are to cover a period of four or five years and can be extended to a maximum of seven years if a Reform and Investment Pact is also adopted and subsequently approved by the Commission. These plans should contain commitments for the budget itinerary and on reforms and investments, while helping to ensure a gradual reduction in debt and promote growth. The pressure to actually implement the country-specific recommendations will increase if there is otherwise the "threat" of a much shorter debt reduction path. This needs to be viewed critically in light of the lack of democratic legitimacy of the country-specific recommendations.

On 19 June 2024, the European Commission published the Spring Package with the current country reports, proposals for the country-specific recommendations and employment policy guidelines. These were adopted by the Council in July 2024 and have been approved by the European Council so that they can then be formally ratified by the Council. The European Parliament only has selective information rights within the framework of the EU Semester, but no systematic involvement or decision-making powers.

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Reasons and arguments

Well-being rather than austerity

The reform of economic governance has been disappointing. As a result, it has not been possible to implement a fundamental change in the economic policy framework that moves away from restrictive debt rules and towards development geared to well-being and prosperity.

Although there have been certain improvements and a slightly more flexibility in debt reduction (for example, the impractical 1/20 rule has been abolished), the reform must be considered inadequate. Despite the considerable need for investment as part of the social and environmental transformation, the reference values of the Stability and Growth Pact were left untouched. In addition, the European Commission was given considerable power in the form of a non-transparent procedure. On the basis of "Debt Sustainability Analysis", which is subject to a number of methodological criticisms, net expenditure itineraries have been proposed for Member States for several years – without any public and participatory debate. This poses the threat of a return to austerity policies, which would entail significant social cuts.

Economic governance need to be finally fundamentally geared towards social progress. This means, among other things, an alignment with the "Magic Square of Economic Policy" by aligning budgetary policy with other economic policy goals instead of merely following rigid, restrictive targets.

In the meantime, the DSA procedure needs to be reformed and exemptions for public investments – in line with the golden investment rule – must be established. The social partners need to be substantially involved in development of the medium-term fiscal structural plans.

Enable investments for the social and environmental transformation

In order to achieve sufficient progress towards a just social and environmental transformation, comprehensive investments in the future are necessary. At European level, considerably more financial resources must be raised and made available in the medium and long term to contribute to effective fiscal and economic governance.

Strengthening the social dimension of the European Semester

Over the years, several sets of social policy indicators have been incorporated into the European Semester, such as the "Social Scoreboard" of the European Pillar of Social Rights and the SDG indicator set. A "Social Convergence Framework" has now been introduced, under which individual countries facing particular challenges in respect to upward social convergence are analysed in more detail. This development is important for studying employment and the social situation. However, it is insufficient.

What are often lacking are ambitious, progressive social policy objectives, consistent monitoring of the progress made towards achieving such objectives and clear conclusions for the necessary steps to be taken.

The European Commission should also – based on the focus of its [Communication on better assessing the distributional impact of Member States' policies](#) – analyse the impact on social distribution of its proposals made within the scope of the European Semester.

Making the European Semester more democratic

Furthermore, the European Semester needs to become more democratic. The regulatory supremacy of the European Commission with respect to the evaluation of budgets is one of the main points of criticism of the new rules. Overall, greater involvement of national parliaments, the European Parliament, civil society and social partners in the European Semester is essential in order to increase the democratic legitimacy of the process. The European Parliament must be given the right to co-decide on the documents of the European Semester at European level.



Fiscal rules: urgent review of Debt Sustainability Analysis

Demands

- Shaping EU fiscal rules so that essential future investments can be made: investments that are not made today will lead to a high burden for future generations. Future economic and social development, competitiveness and the chances of achieving climate targets will be exacerbated.
- Debt Sustainability Analysis:
 1. Restriction to a normal scenario
 2. Creating such a scenario under the assumption that the fiscal rules in the following fiscal structural plans are also complied with
 3. Immediate implementation of this methodological change through agreement at Council level

Background

A key element of the new fiscal rules is the Debt Sustainability Analysis (DSA). It determines the specific consolidation targets for the respective Member State. Currently, it leads to stricter requirements than would be necessary for debt sustainability. This restricts the options for attaining other goals – such as the [key objective of sustainable development](#) of prosperity and well-being. Although a crucial factor, its calculation methods are not directly included in the new regulation (reference is made only to a Commission report and the more detailed debate for the second round of plans in a working group to be set up). This opens up the option for such methods to be changed again directly by the Council.

Reasons and arguments

A necessary condition for debt sustainability is for government debt to stabilise at a manageable level in the long term. This level was set in the EU in the early 1990s, in the Maastricht Treaty at 60 percent of GDP, i.e., the EU average at the time. Today, the eurozone average is 90% of GDP. However, it is lower than 12 years ago, while it has risen significantly in the USA and China. This difference in public demand, which amounts to billions, affects the EU's competitiveness. At the same time, we are facing a massive need for financing in order to halt global warming. Faster reduction in the government debt ratio is therefore currently the wrong priority.

DSA trumps safeguards

A compromise was reached in the Council which, as a rule, provides for a structural deficit of 1.5% of GDP as a target at the end of the term of the national consolidation plans for countries with a public debt ratio exceeding 60% of GDP. As a medium-term target, it is more than sufficient for debt sustainability, as the government debt ratio stabilises below 60% of GDP in the long term, even with real growth of just 0.5% per year.

However, under DSA, the target has been tightened to structural surpluses (ES, PT) up to a maximum of 1.4% of the GDP deficit (BE). The reason is that the Commission demands that the government debt ratio must fall in the 10 years following the plan, even if it has assumed unfavourable scenarios and fully factored in rising demographic costs.

Credibility of the rules is undermined

In fact, the fiscal rules would prohibit a follow-up plan corresponding to this scenario without countermeasures being taken. It is an absurd circular argument that the rules are currently being made more stringent because the Commission, according to its method, is literally counting on future non-compliance with the rules. To ensure credibility of the rules, it is important that the Council changes this method immediately by recognising compliance with the 1.5% safeguard (without DSA compliance) as an economically justified deviation.

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On the future of the EU single market: prioritising social balance is key

Demands

Social progress protocol and the fight against social dumping: A social progress protocol must be established as the fifth fundamental freedom in order to combat wage and social dumping effectively and create fair competitive conditions on the single market. The European Pillar of Social Rights should be strengthened by binding directives and supported by an ambitious social action programme.

Strengthening public services and infrastructure: The public sector and its services must be recognised as a pillar of national economies. It is necessary to strengthen the rail system robustly and invest in the relevant infrastructure. Undesirable developments due to liberalisation in the rail sector should be reversed.

Promoting gender equality, especially in research and innovation: Gender equality measures are urgently needed, in particular in the fields of research and innovation. Access to start-up capital and the participation of women in technological fields such as artificial intelligence (AI) need to be improved.

Ensuring financial market stability and protecting small investors: AK sees the promotion of securitisation of debt instruments as highly problematic, as it reduces transparency and increases risk. The protection of small investors and financial market stability must take priority. Regulatory arbitrage should be prevented in order to ensure an efficient regulatory framework and thus long-term stability.

Inclusion of social standards in public procurement law: Social standards and quality criteria, such as minimum wages and maximum working hours, must be made binding for public contracts. Subcontractor chains should be limited to one link in order to improve working conditions.

Background

The EU single market is facing new challenges that require its fundamental redirection. Crises, such as the financial crisis of 2008, the COVID-19 pandemic and the energy price crisis have exposed structural weaknesses in the previous model of promoting market freedoms. It is becoming increasingly clear that economic policy objectives cannot be pursued in isolation from social and labour law considerations.

Prior to the European Parliament elections, the European Commission began to take a close look at the future of the single market. The "[Letta Report](#)" of April 2024, however, focuses strongly on corporate interests, while taking insufficient account of the interests of workers and consumers. A paradigm shift is therefore needed to create a balanced single market model. Social and socio-political aspects need to be given far greater prominence and binding regulations must be implemented to this end.

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Reasons and arguments

Strengthening the social dimension of the single market

The EU single market has historically focused on promoting market freedoms and strengthening businesses. However, this one-sided focus has led to an imbalance that puts workers in particular at a disadvantage. The case law of the European Court of Justice in cases such as Viking and Laval has strengthened the rights of businesses at the expense of labour rights. A social progress protocol could remedy this imbalance by incorporating social standards into the single market, thereby improving the protection of workers. In addition, the fight against social dumping would promote fair competition and prevent wages and working conditions from coming under further pressure.

Public services as a pillar of the economy

The role of the public sector and infrastructure is crucial for the stability and growth of European economies. Public services such as the rail system are essential for the smooth running of the single market. Misguided developments due to excessive liberalisation, as observed in the rail sector, have a negative impact on the quality and efficiency of services. A departure from such liberalisation and increased investment in infrastructure could improve the EU's competitiveness and also promote social justice. The public sector should play a greater role in research and innovation too, especially when it comes to making scientific knowledge accessible to the public, rather than leaving it to private sector interests.

Fairness required in all areas

Another important issue is the promotion of gender equality in the single market, particularly in the future-oriented areas of research and innovation. The low proportion of women on the start-up scene and in key technologies such as artificial intelligence indicates clear deficits that urgently need to be remedied.

Meanwhile, the protection of small investors must be a top priority in the financial markets. Securitisation of debt instruments, which contributed to the worsening of the financial crisis in the past, need to be questioned critically. Transparency and stability of the financial market are essential for strengthening consumer confidence in the single market and preventing long-term crises.



Trade policy embracing the populace

Demands

- Establishing sustainability chapters in all trade agreements with sanctions for non-compliance instead of pointless promises
- No special rights of action for corporations: removing ICS and ISDS from agreements
- Democratic and transparent negotiation of trade agreements with the involvement of trade unions and NGOs, without bypassing national parliaments via splitting
- Binding ratification and implementation of the ILO Core Labour Standards by all contracting parties as a prerequisite for trade agreements
- No trade in products that contravene EU food standards
- No liberalisation of services of general interest through trade agreements or the WTO
- Reform the WTO rules: prioritise the climate and workers' rights; grant ILO observer status
- Bold climate and sustainability agreements that prioritise social and environmental goals

Background

Trade agreements are also becoming increasingly relevant to the EU's strategic direction due to geopolitical crises and wars. Through arbitration tribunals and mandatory tariff reductions in all areas, the interests of corporations are often served first and foremost. The WTO's rules and regulations are also adequate for dealing with the current challenges.

Reasons and arguments

Trade agreements, such as EU-Mercosur promote the trade of goods (e.g., soy, beef and raw materials) are often associated with poor working conditions and environmental and climate harm. Inclusion of Investor State Dispute Settlement ISDS (or the reformed ICS) in many agreements means that corporations may sue states for billions if they want to pass laws in favour of workers or the environment. The sustainability chapters in the agreements, which include, for example, the Paris climate targets or labour standards, are important but they need to include sanctions for non-compliance.

The multilateral trade rules of the WTO create planning security, but they should be an obstacle to the climate, the environment or countries' social and economic development. Appropriate exemptions are needed that, for example, do not further prohibit regional requirements. In addition, it is necessary for workers' rights to be fully embedded in the WTO rules.

Bold climate and sustainability agreements that prioritise social and environmental goals and focus on regional economic cycles are needed to create progress for workers, the environment and the climate. The European Commission should take a leading role in such matters by initiating democratically based negotiations, among others, together with trade unions and NGOs.

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Sustainable competitiveness taking employee interests into account

Demands

- Public climate investments and strategic industrial policy with a focus on future-oriented areas.
- Fair wages and public investment will safeguard and stabilise European demand. Social and regional conditions need to become part of the EU state aid strategy and the awarding of contracts in order to combat social and wage dumping and promote good jobs.
- Building a European circular economy.
- Improved cooperation between Member States to jointly promote European value chains will secure employment.
- Europe-wide coordinated strategy for skilled workers to prevent regional imbalances.
- The deepening of the Capital Markets Union needs to promote the stability of the financial sector and prevent regulatory arbitrage.
- Democratic involvement of national and European social partners – especially trade unions – will strengthen the interests of workers and ensure balance.
- Expansion of energy infrastructure and reform of the EU electricity market design to ensure security of supply, sustainability and affordability for consumers.

Background

Europe's competitiveness is based on the innovative capacity of businesses and their workers, as well as on good infrastructure and social security. However, in view of the global crises and to cope with the dual transformation and demographic change, many measures are necessary to maintain the EU's position in global trade.

Reasons and arguments

Achieving climate targets is an essential prerequisite for safeguarding and improving people's living conditions. At the same time, the ambitious programmes also offer the opportunity to be competitive in future fields such as green and clean technologies and robotics. Strategic industrial policy, binding expansion paths and verifiable interim targets provide companies, workers and consumers with planning security.

Competitiveness requires European cooperation

Close cooperation within Europe to develop joint value chains promotes the regional economy and helps to maintain or even expand production outputs and employment in Europe. With the involvement of the social partners, such cooperation will enable European businesses to remain competitive globally. As part of the announced "[Union of Skills](#)" there is also a need for a Europe-wide coordinated skilled labour strategy that reduces competition for skilled workers and thus prevents imbalances. At the same time, the majority of European production is sold within Europe. Sufficient public investment coupled with strong domestic demand, thanks to good wages will shore up demand and thus economic development, ensuring the EU's sustainable competitiveness.

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European industrial policy sustaining prosperity and employment

Demands

- The new industrial policy initiatives must **first and foremost create good jobs and be designed in the interests of workers** and, therefore, focus on the social dimension of the transformation.
- Strengthening **strategic autonomy, resource and energy efficiency** through the development of a **European circular economy**.
- **Clear prospects for industry in EU emissions trading (EU ETS)**. If **state aid** is to reduce emissions, then the **corresponding amounts of certificates** must be cancelled.
- **Further development of the welfare state and public infrastructure** as the backbone of a resilient economy.
- **Involvement of the national and European social partners** in transformation management and **increased cooperation between the political levels**.
- **Active public procurement** to promote and **shape European (leading) markets**.
- Laying down **social and environmental conditionalities** for the **award of public contracts and subsidies**.

Background

The European economy is currently facing major upheavals and increasing geopolitical tensions. Against this backdrop, the new European Commission is also focusing on a more active approach to industrial policy, which should not, however, be reduced to a narrow understanding of competitiveness. In order for the ambitious industrial policy goals geared to a digital circular economy to become reality, implementation requires strong coordination between the Union's projects and those of the Member States.

Reasons and arguments

From the perspective of workers, the transition to climate neutrality needs to go beyond merely achieving the net-zero target and boosting competitiveness. What is needed is an overall economic policy concept that takes into account the breadth of the transition and all its social and environmental impacts in the sense of a just transition.

Investment security in the EU ETS

The manufacturing industry needs investment security for continuously reducing emissions. State aid will come to nothing if the number of certificates on the market is not reduced at the same time, for example, by cancelling them.

Resilience through the circular economy

Implementing the circular economy in conjunction with increasing resource and energy efficiency will contribute to strengthening a sustainable and resilient European economy. The circular economy creates sustainable added value and employment. At the same time, it reduces dependence on raw materials from third countries.

The social dimension and involvement of the social partners

The transformation of the European economy is not just a technical issue, but a deeply political one. Shaping the just transition is essential to the success of the transformation. A well-developed welfare state and active labour market policy are prerequisites for reducing risks associated with the transformation.

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Making public procurement sustainable

Demands

- Expansion of the award requirements in the EU procurement directives to include aspects such as employment of disadvantaged groups on the labour market, quality-assured apprenticeship training, long-term employment at a company and the promotion of further education and vocational training measures for "green jobs".
- Laying down energy and material efficiency and avoidance of waste and emissions as requirements for environmental suitability.
- Permissibility of requirements for the inputs and materials intended for use at all stages of the value chain.
- Admissibility of the restriction of (sub)contractor chains in procurement procedures.
- Making the European public procurement system more flexible in order to take greater account of regional requirements.
- Determining tangibility thresholds below which direct awards are permitted to promote regionality, i.e., de minimis thresholds.

Background

Every year, around 14% of European GDP is spent on public contracts – that amounts to more than EUR 2 trillion. In the course of the transformation, it is therefore crucial to determine the conditions to which the granting of state funding is linked.

At the same time, the state has a role model function in order to achieve the most economically advantageous price, it should therefore consider the entire supply chain and the working conditions prevailing at the place in question.

Reasons and arguments

Common, harmonised conditions and rules of EU public procurement law should ensure that public contracting authorities can or are obliged to consider social and environmental criteria in line with the EU Green Deal or a just transition when awarding contracts.

Specific requirements can also be used to influence the chain of upstream products – which account for most of the CO₂ footprinting public procurement, as well as promote good jobs.

This requires a stronger focus on the entire value chain and compliance with social and environmental criteria along the entire chain of (sub)contractors. To ensure this approach is applied in practice, however, it will be necessary to limit the number of subcontractors.

By taking greater account of regional requirements, transport and travel distances may also be shortened and associated harmful environmental impact limited.

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Shaping subsidy policy through condition-based approaches

Demands

- Focus on start-up investments that meet key conditions (40% of value creation in Europe, energy efficiency, acceleration of the expansion of renewable energy sources, ensuring recycling and strengthening structural social criteria)
- Additional conditions such as responsible HR strategies, regional transformation plans and location and employment guarantees
- Exclusion of subsidies for companies that engage in unfair practices such as tax avoidance or evasion or disregard labour and social law regulations
- Requirements for the reinvestment of profits or a mandatory repayment mechanism for profits that exceed the cost of capital and restrictions on dividend and bonus distributions while subsidies are being received
- Establishing a country key to ensure proportionate national subsidies or "subsidy sharing" between the Member States
- Linking of EU funding under the EU Multiannual Financial Framework (MFF) to social and environmental requirements

Background

State or public subsidies are an important steering instrument in national and international economic policy. As this is taxpayers' money, it needs to be ensured that the benefits arising from investments benefit not only the subsidised business but society as a whole or the general public. For this reason, AK calls for social and environmental requirements to be more firmly anchored in the relevant funding programmes of the Member States and at EU level.

Reasons and arguments

Granting subsidies based on sustainability requirements is a key lever for just transition to a carbon-neutral economy. This goes beyond purely environmental policy measures, such as reducing emissions, low resource usage and greater energy efficiency. The aspect of how the given activities and businesses are organised, and thus the interests of workers and their co-determination, must also be considered.

Positive steering effects across Europe

Appropriate conditions may also bring macroeconomic and European responsibility into focus. The aim is to create incentives for sustainable entrepreneurial activity, while, at the same time preventing the misuse of public funds. With this aim in mind, efforts should be made to link EU funding to social and environmental requirements as part of reviewing individual funding and planning of the MFF for the years from 2028.

National subsidies should be capped in line with GDP in order to prevent disparities within the EU. It would also be conceivable for a state aid threshold to be defined above which certain projects may only be implemented jointly with other Member States.

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Corporate taxation: getting the planned measures finally implemented

Demands

- Uniform taxation of groups in the EU
- Revision of the BEFIT proposal: a) stricter earnings calculation rules; b) more consistent distribution of group earnings in line with value creation
- Increase in the minimum tax rate for groups to 25% within the EU (amendment to the Minimum Tax Directive)

Background

Outdated rules on taxation of groups have led to global tax losses totalling nearly USD 240 billion per year. The Commission's current proposals on corporate taxation (BEFIT) also fall short.

Reasons and arguments

Introduction of a global minimum tax of 15% for multinational corporations from 2024 marks the dawn of a new era in corporate taxation. The rules (GloBE Rules) on minimum taxation are the result of the BEPS project, which the OECD implemented on behalf of the G7. The Minimum Taxation Directive is intended to ensure uniform application in the EU and supplements the ATAD Directive (likewise a result of the BEPS project). Apart from this consideration, there is still no uniform taxation of groups in the EU. Further measures are therefore necessary.

European taxation of groups

1) In certain cases, the common tax base enables more generous deductions or exemptions than the national tax base in Austria, for example, with regard to realised capital gains, which lead to lower effective tax rates for large companies and are problematic from a budgetary standpoint.

2) In addition to the uniform tax base, total group earnings need to also be distributed among the Member States concerned using a suitable mechanism (such as the proposal for the CCCTB based on real capital, consumption and employment/ wages). Under the current proposal, profits are to be distributed (temporarily) pro rata on the basis of the average taxable result of the last three years, which is little different from the status quo. Even if an evaluation is planned, the proposal still falls short.

The Commission should put forward a corresponding proposal for a directive. An increase in the minimum tax rate to 25% should also be sought.

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Abolishing unjustified price mark-ups in the EU

Demands

- In AK's view, the different prices in the EU for identical branded food goods and toiletries are the result of market failure. Such price differences on the internal market are not justified. A solution needs to be found at European level.
- This requires a business-to-business (B2B) regulation similar to the Geo-Blocking Regulation, which prohibits manufacturers from charging their customers different prices depending on the place of delivery.
- This will eliminate discrimination against retailers in the food and toiletries sector.
- Likewise, it will also benefit consumers by preventing unjustified price mark-ups from being passed on to them, especially in smaller Member States.

Background

Identical foodstuffs and toiletries cost significantly more in Austria than in Germany, for example. These price differences are due to territorial supply constraints (TSC) imposed by international brand manufacturers. TSCs are restrictions that prevent retailers from sourcing products from the Member State of their choice under the best possible market conditions. The higher prices are ultimately borne by consumers.

Reasons and arguments

High inflation due to the mark-up in Austria: territorial supply restrictions (different prices in different EU member states) imposed by the international food processing industry and toiletries manufacturers for identical, mainly branded products are a burden on both consumers and the food trade. The current [AK investigation](#) shows net prices for certain identical foods are on average 21% higher in Austria than in Germany.

Confirmation of the "Austria mark-up" by the Austrian Federal Competition Authority (BWB).

As part of the [Food Industry Survey](#) in autumn 2023, BWB confirmed the mark-up in Austria for identical branded products that AK has repeatedly directed attention to.

Other Member States are also affected

A [study by the European Commission](#) from 2020 also states that the problem of territorial supply restrictions costs EU consumers more than EUR 14 billion a year. Belgium, the Netherlands and Greece are (among) the other affected Member States and have – like AK – already approached the European Commission.

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Payment Services Directive: better protection for consumers against online banking fraud

Demands

- In June 2023, the European Commission presented a draft for a new European Payment Services Directive that provides for improved provisions to protect consumers more effectively against online payment fraud. However, AK demands **significantly more consumer-friendly liability provisions** stipulating that consumers harmed by online payment fraud should be exempt from liability for damages as a general rule – specifically for withdrawals from savings accounts and payment accounts initiated by fraudsters. This will mean that consumers that have suffered losses are reimbursed by the payment service provider in question.
- Although the European Commission is proposing a new liability rule for payment service providers in the case of customer losses, it applies to a **fraud scenario that is too restricted**. It only covers cases where a fraudster poses as a person working for the payment service provider and using this ruse deceives consumers. This means that in many other cases of fraud – which are based on increasingly devious scams – injured consumers do not receive reimbursement. AK therefore demands that reimbursement be made **in all cases of fraud caused by phishing**.

Background

Online payment fraud – commonly referred to as phishing – usually involves consumers authorising a supposedly legitimate transaction after being directed by fraudulent emails, phone calls or text messages to fake banking websites, for example, where they enter their account details – ostensibly to make security updates, for instance. Such disclosure of payment account access details (username, PIN code) to unauthorised third parties and the authorisation of a debit initiated by fraudsters are considered by payment service providers to be transactions authorised by consumers, with the result that the payment service providers refuse to accept liability.

Reasons and arguments

Significant amounts lost

The numerous cases of online payment fraud reported by consumer protection organisations across Europe suggest that more and more customers – across all social classes – are increasingly exposed to all types of online payment fraud, which is becoming more sophisticated and cleverer. As a result, bank customers who have been cheated sometimes suffer losses of amounting to several thousand euros. There is therefore urgent need for action.

Devious fraudulent methods

Experience shows that it is becoming increasingly difficult for consumers to recognise whether a transaction or a request for a transaction (such as the request to activate new security standards contained in phishing text messages) is legitimate or has fraudulent origins.

Hardly any incentive for effective monitoring systems exists

Banks currently have too little incentive to invest in effective transaction monitoring systems that can curb or completely prevent fraud. Instead, liability is passed on to the injured customers.

Establishing trust in secure payment transactions

Consumer-friendly liability provisions are also about establishing and maintaining consumer confidence in secure payment systems.

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SECTION 3

NEW MOMENTUM FOR SOCIAL EUROPE



Strong minimum social standards for social progress in Europe

Demands

- Fighting poverty and social exclusion, especially among women, young people and the unemployed, through binding and effective measures to achieve the goals set out in the EPSR Action Plan by 2030.
- Introducing an EU directive to set ambitious minimum standards for unemployment insurance schemes, including higher net replacement rates (e.g., at 75%), appropriate benefit durations and a higher coverage rate.
- Reforming the minimum income schemes in the EU Member States by means of an EU framework directive that sets out requirements for the level and coverage of benefits. The minimum standards should be based on the respective national level of prosperity.
- Simplifying and destigmatising access to minimum income benefits to ensure that all eligible persons may actually claim such benefits.

Background

The European Pillar of Social Rights (EPSR) announced in 2017 is a central point of reference in the debate on the social dimension of the EU. It contains important principles for social progress, but is not legally binding per se. However, Art. 153 TFEU opens up the possibility of enshrining the objectives of the EPSR in binding EU directives. New minimum social standards with high levels of protection and non-regression clauses need to be part of a new EU social action programme. National social assistance and unemployment insurance schemes in particular play an essential role in this case.

Reasons and arguments

Unemployment insurance is a crucial part of the social security system and is intended to protect against a reduction in standard of living. It promotes the search for suitable jobs and stabilises the economy.

Minimum income schemes are intended to provide people in special circumstances with a minimum standard of living. In most countries, however, this does not provide sufficient protection against the risks of poverty or exclusion.

Unemployment insurance

Unemployment insurance schemes do not adequately fulfill the above-mentioned functions. OECD data show large differences in net replacement rates, duration of receipt and coverage rates of unemployment benefits. A directive should define minimum values to ensure the social adequacy of such benefits. This includes, for example, a gradual increase in net replacement rates (e.g., to 75%).

Minimum income schemes

In 2023, 94.6 million people in the EU were at risk of poverty or social exclusion. Women, young adults, people with a low level of education and the unemployed are particularly hard hit. Due to the multiple crises of recent years and the differing measures taken by EU Member States, the situation in certain Member States is particularly precarious. It is therefore important to adjust minimum income benefits to the national poverty thresholds, simplify the application process and promote destigmatisation of the issue. A binding EU framework directive should define minimum standards for the level and coverage of social security benefits, ideally with a preventative effect.

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For a Europe of equality

Demands

- Developing a new dual strategy for gender equality for the period after 2025. Development should be participatory and involve the Member States, the social partners and civil society.
- Adopting the horizontal anti-discrimination directive (Article 19 TFEU)
- Guidance by the Commission for Member States on the implementation of the Pay Transparency Directive (Directive to strengthen application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms)

Background

The gender pay gap (average gross hourly wage) in the EU-27 is 12.7% and as high as 18.4% in Austria. Childcare and care work is predominantly performed by women. Women work part-time significantly more frequently than men. In Austria, 53% of women work part-time and around 60% of their working hours are unpaid.

Reasons and arguments

Gender equality

The [Gender Equality Strategy 2020-2025](#) was an important commitment to actually promoting equality. Developing a strategy for the period after 2025, as well, is therefore especially important and welcome. A participatory development process is essential for successful implementation of the strategy.

In order to achieve gender equality in all fields, a dual strategy is of great importance. Firstly, there needs to be a designated responsible Commissioner and strong core competency concentrated in a Directorate-General of the Commission. At the same time, however, it is important that gender mainstreaming is implemented in all areas of competence of the EU and that all Directorates-General are actively involved in strategy development and implementation.

Horizontal anti-discrimination directive

The Union should lead by example with comprehensive protection against discrimination across all areas of life. The "Article 19 Directive" provides for an urgently needed levelling-up, i.e., the extension of protection against discrimination on the grounds of religion or belief, disability, age or sexual orientation beyond employment. This extension to protection against discrimination has also been under discussion in Austria for a long time. The Article 19 Directive needs therefore finally to be adopted.

Guidance on the implementation of pay transparency

The [Pay Transparency Directive](#) offers a unique opportunity to implement the principle of equal pay throughout Europe. In order to make the most of this opportunity, regular dialogue between all Member States and support from the Commission in interpreting and implementing the directive are needed during the implementation phase.

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Package of measures to combat cross-border wage and social dumping

Demands

- Cross-border enforcement of administrative penalties must be facilitated.
- Liability of the initial contractor for unpaid wages and social security contributions along the entire subcontractor chain.
- Restriction of subcontracting by limiting the subcontractor chain.
- Insolvency pay protection (Directive 2008/94/EC) needs to be improved so that employees can bring claims under civil law across borders even if their employer becomes insolvent.
- Improving cross-border cooperation between authorities.
- Preventing bogus postings under social security law.
- Preventing social dumping in cross-border employment by abolishing the excessively low contribution bases in social insurance.
- Expansion of the competencies of the European Labour Authority.

Background

The principle of "equal pay for equal work in the same place" must apply to cross-border postings. The 2014 Enforcement Directive, the 2018 revision of the Posting of Workers Directive and the creation of the European Labour Authority have led to significant improvements in the fight against wage and social dumping in the EU. Nevertheless, it is still very difficult and in many cases impossible to take cross-border action against wage and social dumping.

This applies in particular to cross-border enforcement of administrative penalties against companies and cross-border enforcement of civil law claims by workers.

Long subcontractor chains encourage social fraud and wage dumping. Effective measures are therefore needed to prevent excessive subcontracting.

Bogus postings and excessively low contribution bases under social security law create unfair competition. This must be prevented.

The European Labour Authority can only perform its task to a limited extent under its existing powers.

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Reasons and arguments

Creating an internal market has meant that businesses may operate throughout Europe with no legal barriers. This applies to authorities only to a limited extent. However, it is not only the authorities that encounter difficulties; workers also quickly come up against limits when it comes to bringing their claims. The resulting imbalance needs to be eliminated.

Enforcing penalties

Improvements have been made to the cross-border enforcement of administrative penalties, particularly as a result of the Enforcement Directive. Nevertheless, there are still serious obstacles in practice that urgently need to be removed.

Bringing claims under civil law

The problem arising from the fact that income protection against insolvency in many Member States is based on the average income of the respective country is little known. If, for example, a worker is posted to a member state with a higher wage level demands the difference compared to the minimum wage applicable in the destination country for the duration of posting, there is a considerable risk that he/she will not be able to realise his/her claims despite successful litigation if the employer in the home country is insolvent. This is a major obstacle to bringing civil law claims in the case of posting of workers.

Subcontractor chains

It is well known that long subcontractor chains rarely make economic sense; on the contrary, they actually encourage social fraud and wage dumping. Effective measures are therefore needed to prevent such harmful excesses. Firstly, this should be achieved by limiting the formation of subcontractor chains from the outset. On the other hand, making the initial contractor liable for unpaid wages and social security contributions along the entire subcontractor chain would significantly limit the use of rogue contractors.

Bogus postings

The problem of bogus postings has also been known for many years. Persons who are only employed for work in one Member State are covered by social security in another Member

State that is more favourable for the employer(s). The situation under European law virtually invites such abuse and the practical possibilities for social insurance institutions to take action against it are extremely limited. However, bogus postings could be made considerably more difficult if a minimum employment period of three months in the country of origin were required for issue of the PDA 1 social security certificate.

Unfair competition through social dumping

As companies operating across borders do not pay social security contributions on the basis of the salary stipulated in the destination country, but instead a significantly lower contribution base (that of the home country) is used, this creates an unfair competitive advantage over companies based in the destination country. This unfair competitive advantage must be eliminated. The contribution basis for social insurance must be the salary prescribed by the Posting of Workers Directive.

Expansion of the competencies of the European Labour Authority

The legal options of the European Labour Authority (ELA) are limited. In particular, it requires the consent of the Member States concerned as a general rule, which often prevents effective action against wage dumping. The ELA should therefore be able to act without the consent of the Member States concerned if necessary. The ELA's competence should also not be restricted by reference to certain directives, as is currently the case. The European Parliament also called for a revision of the ELA's mandate in January 2024.



An effective approach to the EU-wide labour shortage in the health and care sectors

Demands

- EU directives on the introduction of Europe-wide minimum standards for working and employment conditions for health professions ("Health Professions Directive")** The global corona pandemic has shown us that EU-wide minimum standards for employment conditions in health care professions are needed to successfully counter the ongoing massive shortage of personnel in the health and care sector that already exists throughout Europe. In accordance with Art. 153 in conjunction with Art. 154 (2) TFEU, this requires the initiative of the European Commission and the social partners to help bring about a breakthrough with corresponding proposals.
- EU framework directive laying down basic rights and obligations for the employment of live-in carers ("Live-in-Carers Directive")** Personal care in private households is a Europe-wide phenomenon that leads to unregulated, unfair conditions and abuse, especially for caregivers, but also for families in need of care. An EU framework directive laying down the basic rights and obligations for the employment of live-in carers will create a uniform legal framework for the placement and employment of personal carers. That will serve to ensure the quality of the working and living conditions of carers and the people who need care services, as well as to guarantee transparency and legal certainty. In accordance with Art. 153 in conjunction with Art. 154 (2) TFEU, an initiative of the European Commission and the social partners is also required here to help get the corresponding proposals accepted.

Background

Health Professions Directive

Health care professions have become the focus of attention in Europe due to the global corona pandemic. Across Europe there is a shortage of health workers due to socio-structural developments and an ageing society. Healthcare and long-term care systems are therefore under severe pressure.

National austerity programmes in EU Member States and different frameworks and employment conditions are massively exacerbating the shortage of personnel. The introduction of Europe-wide minimum standards through a new directive for health care professionals is the answer to this Europe-wide problem, whose resolution is becoming increasingly urgent. Central to EU-wide minimum standards are working hours and annual leave, which justify different regulations due to the high physical and mental stress.

Live-in-Carers Directive

The rules on personal care are numerous and are not clear or uniformly structured in the Member States for all parties concerned. What they all have in common is that the conditions for carers in the countries of employment are precarious. Lack of training and lack of quality control in households leads to mutual overburdening of both the caregivers and the people who need care and their families. A minimum level of quality control and state support is therefore necessary.

Since caregivers are scarcely organised in terms of representation of their interests, they also have a poor negotiating position vis-à-vis placement agencies. Due to demographic developments and insufficient supply of long-term care and assistance, the need for live-in carers is growing across Europe.

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Health Professions Directive		Live-in Care Framework Directive	
Goals	Contents	Goals	Contents
<ul style="list-style-type: none"> • Introduction of Europe-wide minimum standards • Fair working conditions in the health care professions • Responding to the Europe-wide workforce shortage with adequate resources 	<ul style="list-style-type: none"> ✓ Special rules on working hours ✓ More holiday entitlement ✓ Rules on staffing requirements ✓ Minimum age for training ✓ Introduction of an ombudsman's office 	<ul style="list-style-type: none"> • Single legal framework for placement and employment • Mandatory application in all Member States • Legal certainty and transparency • Good working and living conditions for caregivers • Quality assurance for people with care needs 	<ul style="list-style-type: none"> ✓ Europe-wide register for placement agencies ✓ Prohibition of unfair contract terms ✓ Obligations of the agencies towards households ✓ Rights and obligations of the household ✓ Rights and duties of personal carers ✓ Minimum training requirements for personal carers

The carers are mainly women from Central and Eastern European countries (CEECs) who come from economically precarious backgrounds. Both the situations of carers and families in need of care are very often exploited by agencies that arrange care work. In some cases there is even evidence of human trafficking. The Europe-wide registration of agencies is therefore crucial in order to prevent shady business practices.

Reasons and arguments

Health Professions Directive

Demographic forecasts by EUROSTAT assume that the number of people aged 65 and over will increase by almost 67% between 2018 and 2050. According to calculations of the old-age dependency ratio, the ratio between the number of people of working age (15-64 years) and the number of older people (over 65 years) in Europe will fall from 3.5:1 at present to 2:1 in 2050 (EUROSTAT 2019). Moreover, a future increase in complex disease patterns is expected, which will pose additional challenges for health services, nursing and care (European Commission 2017: 112). National austerity policies and different framework conditions are leading to massive staff shortages, which can only be remedied by improving their professional situation and

creating attractive training models. In order to remedy the shortage of staff in the long term, it is therefore urgent that the EU addresses the need for attractive and standard working conditions in the health care professions.

Live-in-Carers Directive

Due to demographic developments across Europe and the inadequate provision of formal long-term care and assistance, there has been a sharp increase in the employment of personal carers in private households over the last two decades. Personal carers come mainly from the CEECs. In order to work, they have to leave their own families, which leads to a precarious situation in care and nursing work in their countries of origin. Moreover, they are no longer available as workers in their own countries (cf. Sekulová/Rogoz 2019). Currently, the individual Member States use a wide variety of legal forms for the employment of carers. Unfair business practices of "dumping agencies" lead to unfair competitive conditions for reputable employment agencies that provide quality placement services.



EU guaranteed employment promoting good jobs and contributing to fair transition

Demands

- Introduction of a job guarantee at European level
- The aim is to reduce the proportion of long-term unemployed to 10% or less of all unemployed people.
- Enabling regions to implement their own job guarantee schemes that support regional development and social convergence.
- Align job guarantee schemes with the European Green Deal or a just transition to create jobs that support environmental sustainability.
- Integration of the job guarantee as a right to decent work into the European social agenda.
- Permanent financing of the job guarantee schemes of the Member States, for example:
 - through social bonds based on SURE
 - through establishing a government bond purchase programme (PSPP) by the central bank.
 - through exemptions from fiscal rules for spending on job guarantee schemes

Background

Since the 1990s, the EU has recorded high unemployment with a significant proportion of long-term unemployed. Traditional labour market policies only partially lend themselves to solving the problem. A job guarantee offers all long-term unemployed jobseekers a good job, thereby helping to combat long-term unemployment and poverty.

Reasons and arguments

Against the backdrop of demographic change, a further increase in long-term unemployment may be expected. Although the risk of becoming unemployed decreases with increasing age, the probability of becoming long-term unemployed increases significantly from the age of 45. This is due to various causes. One reason is prejudice against older unemployed people. As a result, the skills and experience of this group of people often remain unused on the labour market.

Contribution to social and economic convergence

A job guarantee would contribute to social and economic convergence, as it would particularly benefit regions with high unemployment, as well as promote social inclusion and reduce poverty. Aimed at combating long-term unemployment, it contributes to improving the dynamics of the labour market.

Contribution to the social and environmental transformation

New jobs can be created as part of job schemes in line with the EU Green Deal. The democratic involvement of the social partners, civil society and local politicians can ensure that newly created jobs are meaningful and meet needs where the market does not create appropriate opportunities.

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European strategy for education and continued learning: managing change, shaping the future

Demands

- **Enabling professional development:** Adult education should not only focus on basic knowledge, but also offer opportunities for professional development and specialisation. A modern, modular further training system should be designed to enable adults to reorient themselves professionally and facilitate job changes into digital and green sectors. It is important to have sufficient financial support to be able to cover living expenses, e.g. through legal entitlement to a "training allowance" under the model proposed by AK.
- **Promoting digital skills:** The digital transformation is changing the way we work and live. Broad-based digital education enables people to expand their professional qualifications and to use digital media and technologies in a knowledgeable, responsible, reflective and targeted manner in the interests of individuals and society. High-quality digital education in all forms and at all levels of education is therefore a basic prerequisite for creating equal opportunities and participation for all.
- **International cooperation:** Member States should work more closely together to share and learn from each other's best initiatives and practices in the field of (re)training and upskilling for the digital and green transitions.
- **Orientation and guidance:** Educational guidance and career counseling should be accessible free of charge in all life situations in order to be able to make individually sustainable decisions about education and further training.

Background

The development of a European strategy for vocational education and training must focus on access to education and training to acquiring the skills and competences needed for the digital and green transition. It is already clear today that structural change will lead to job losses in some industries throughout Europe, while new jobs will be created in other economic sectors.

Reasons and arguments

Structural change means that employees need to be more qualified. For this reason, those skills in society that make it possible to master structural change and contribute to the green and digital transition must be used and further developed throughout the entire educational and professional career of employees.

Enabling further training financially

At EU level, it is important to support programmes that aim to provide employees with higher qualifications, initial training in adulthood or new qualifications. This enables important steps to be taken towards successful integration into the labour market, as well as adaptation to changing economic and social conditions. In addition to the funding of course and training costs (see also [Council Recommendation on individual learning accounts of June 2022](#)), securing livelihoods during participation (especially longer-term participation) in training and further education is pivotal.

The increased validation and recognition of skills shortens educational pathways, improves labour market opportunities and makes existing potential visible to the economy and usable by it.

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Social and affordable housing

Demands

In AK's opinion, **there is a clear market failure in the housing sector**, meaning that **government action is required in the form of market interventions to** ensure affordable housing. A **revision of the Almunia package, in particular the following legal acts, is therefore urgently needed:**

- Communication from the Commission on the application of European Union State aid rules to compensation granted for the provision of services of general economic interest ([2012/C 8/02](#))
- Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest, notified under document number C(2011) 9380, ([SGEI decision, 2012/21/EU](#))
- Communication from the Commission, European Union framework for State aid in the form of public service compensation (2011) ([2012/C 8/03](#))

The fourth part of the Almunia package, namely the [De Minimis Regulation \(2023/2831\)](#) has already been revised. AK welcomes this reform.

Background

Affordable housing has increasingly become a pan-European problem with the explosion in rents and house prices fuelled by real estate speculation by financial investors.

Furthermore, as a result of the ambitious European climate targets, the focus has shifted to the energy efficiency of buildings and conversion of the energy supply for buildings to renewable energy sources, with correspondingly rising costs for residential construction.

Reasons and arguments

The European Commission is beginning to recognise the problem of rising rents and purchase prices of own homes and is examining possible remedies. The focus here is on the Almunia package, in particular the SGEI decision (decision on services of general interest) on the application of Art. 106 (2) of the Treaty on the Functioning of the European Union (TFEU), which addresses the permissibility of state measures, including in the housing sector, and their compatibility with EU state aid law.

Making the SGEI decision practicable

There is a need to revise the EU documents on SGEI in order to establish a practicable definition of social and affordable housing. The concept of social housing is currently too narrow and does not give the national authorities the necessary scope for appropriate housing policy.

Housing as a national responsibility

Even if the topic of housing is to be given a higher status at EU level, for example by assigning the topic of "housing" to a Commissioner, social housing, which is funded from national tax revenues, must consistently remain a national responsibility. It is important that the EU encourages the Member States to promote social housing, provide financial support – and that legal hurdles, in particular the SGEI decision, are removed.

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Seize the opportunities of the Minimum Wage Directive

Demands

- Initial discussions between the responsible ministries and the social partners on the planned implementation of Directive (EU) 2022/2041 – subsequently the Minimum Wage Directive – in Austria show enormous scope for interpretation and discretion, particularly with regard to the necessary data collection, the reporting obligations and sanctions provided for in the directive. The European Commission must therefore ensure the timely and, above all, regular clarification of any questions of interpretation that arise.
- In the political discourse in connection with the directive, there is currently only talk of the intended reduction of differences between Member States with respect to collective agreement coverage. That completely ignores the right of employees to effective access to their national minimum wage protection, which is particularly prone to being undermined by unfair business practices (such as wage dumping). The European Commission must emphatically criticise that situation before the directive is implemented throughout the EU.

Background

The [Minimum Wage Directive](#) must be transposed into national law by the Member States by 15 November 2024.

By reducing disparities in the coverage and adequacy of minimum wage protection, the aim is to contribute to greater fairness on the Union's labour market and to the prevention and reduction of wage and social inequalities, as well as to greater economic and social progress and upward convergence.

Despite collective agreement coverage of almost 98%, there is urgent need to implement the requirements of the directive in Austria too.

Reasons and arguments

The high level of collective agreement coverage in Austria is increasingly being used as an opportunity to question the need for national implementation of the Directive's requirements. This (evidently) overlooks the fact that appropriate minimum wages benefit both society and the internal market and are a basic prerequisite for fair, inclusive and sustainable growth.

Comparability must be guaranteed

The wide scope for interpretation and uncertainty of the Member States, particularly with regard to the data to be reported, poses the obvious risk that comparability of minimum wage levels and collective agreement coverage in the individual Member States, as aimed at by the directive, will be thwarted.

Effective protection against wage dumping is needed

Even comprehensive collective agreement coverage and the guarantee of an appropriate minimum wage level prove to be pointless if the systematic circumvention of pay regulations through wage and social dumping and social fraud is not accompanied by any deterrent and effective sanctions.

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Implementing the Directive on transparent and predictable working conditions effectively

Demands

- The purpose of Directive (EU) 2019/1152 on transparent and predictable working conditions is to “improve working conditions by promoting more transparent and predictable employment”. The EU Commission must ensure that the requirements of the Directive are actually implemented at national level, so that they are effective in practice and not just remain paper.
- Particular attention should be paid to the establishment of effective, proportionate and dissuasive penalties.
- Attention must also be paid to clarifying the prohibition of discrimination, with transparent and clear legal consequences for the protection of workers, so that they also know their rights.
- The new rules on employment notes must be applied not only to new employment relationships but also to existing ones, in order to ensure equally transparent working conditions.
- The practice of the world of work regularly shows how important it is for employees to know their rights in order to be able to assert them and what significant disadvantages legal ignorance can bring. The EU Commission must give full effect to the Directive in order to effectively prevent these disadvantages.

Background

By 1 August 2022, EU Member States had to transpose Directive (EU) 2019/1152 on transparent and predictable working conditions, which aims to improve employment conditions and provide workers with comprehensive information on their essential working conditions. This includes, for example, the obligatory issuance of a written employment contract or notice of employment. Austria was late for more than one and a half years and finally implemented the Directive poorly.

Reasons and arguments

Austria has insufficiently transposed key aspects of the Directive into national law, which significantly limits the effectiveness and protection of labour rights in practice. The shortcomings need to be addressed as a matter of urgency.

Lack of dissuasive sanctions in relation to the notice of employment

Administrative penalties have been introduced for the non-issuance of the notice of employment, their effectiveness is weakened, however, due to their specific structure (minimum and maximum penalties are too low and there are no penalties for non-issuance in case information changes, etc.).

Imprecise prohibition of discrimination

The prohibition of discrimination provided for in the Directive has not been sufficiently specified. There is a lack of clear and transparent legal consequences and detailed regulations that protect workers from retaliation. Existing protection mechanisms do not explicitly refer to the Directive and are not or too little known in practice.

Lack of protection for existing employment relationships

The new rules apply exclusively to newly concluded employment contracts and do not include any adjustments to existing employment relationships. This is contrary to Article 22 of the Directive.

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SECTION 4

SHAPING THE GREEN AND DIGITAL TRANSITION FAIRLY



Legal framework for Just Transition: fully enshrining the Just Transition into law

Demands

- In order to shape the social and ecological transition in a fair way, we need an appropriate **legal framework** including a **Just Transition Directive** for the world of work.
- What is needed is **active and steering economic and industrial policy** with clear decarbonisation targets, support for workers and regional cohesion.
- The European Commission should appoint a **Vice-President** and **Commissioner for Just Transition** in order to take strong measures in the labour market and social affairs.
- **Sufficient financial resources** need to be made available to close the yawning investment gap: The **Just Transition Fund** must be increased and extended. The **Social Climate Fund** must be endowed accordingly. Finally, a **successor instrument to the Recovery and Resilience Fund** should be considered.
- The **Just Transition Observatory** should be quickly **implemented** in order to learn from best practices from all Member States and to set up a monitoring system.
- **Subsidies** must be linked to **social conditions**. Social and environmental conditions must **also** be laid down **for the awarding of public contracts**.
- A **job guarantee** must be established and financed at the European level.
- **European labour law** must be **strengthened** and become **climate-proof**. Workers need to be adequately protected against extreme weather events such as heatwaves.
- The just transition can only succeed together with workers. The **systematic and serious involvement of workers' representatives in all processes** for the implementation of just change **is essential**.

Background

AK is committed to ensuring that the transformation process to achieve climate neutrality by 2050 is socially just. A necessary prerequisite for this is to consider and legally implement just transition in all policy areas.

Such far-reaching transformation requires forward-looking and active governance on the part of the EU. This also requires a clear allocation of responsibilities through the appointment of a Vice President and Commissioner for Just Transition. In order to mainstream just transition, a legal framework, including a Just Transition Directive for the world of work is especially needed. Collective bargaining and social dialogue must be implemented as basic principles for just change. A European job guarantee should offer prospects to workers who want to work. Labour rights must be strengthened and made climate-proof. One thing is clear: fair change can only succeed together with workers.

However, whether just transition succeeds is also a question of financial resources: EUR 500 billion a year is needed, as former ECB President Mario Draghi explained in his report. The funding gap is large; existing funds are inadequate and will expire in coming years. The relevant funds must be made available. A Just Transition Observatory needs to be implemented to ensure that funds are used for their intended purpose and that progress is made measurable and visible.

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Reasons and arguments

The start of the new legislative period has seen a considerable shift in discourse within the European Commission and the Council. While achievement of a climate-neutral, green, fair and social Europe was still a firm priority in the last legislative period, it can be seen that security, competitiveness and the reduction of bureaucracy now dominate the discourse. For example, European Commission President von der Leyen is sticking to the 2050 climate target in her Political Guidelines 2024-2029. However, she places implementing the Green Deal at the service of competitiveness, in which the technologies required for climate neutrality are to be developed in a global race. Just transition is mentioned, but not viewed in the context of overall relevance for the social and ecological transformation.

The Commission's proposals can only succeed if they focus on the social dimension of economic restructuring and create all the requirements for achieving the Green Deal. Just transition approaches therefore need to be reinforced as a cross-cutting issue in all companies and across all regions concerned. There is a need for the creation of high-quality jobs and training of skilled workers, the development of a European circular economy and the promotion of cooperation, as well as the reinforcement of co-determination at all political levels.

High-quality jobs achieved only with strong labour law and social dialogue

Through the Net-Zero Industry Act, the Commission aims to create high-quality jobs and ensure the skills they require at all levels of competency in net-zero industries. To that end, funding will be provided for Net-Zero Industry Academies, which offer education and training on the development, production, operation and recycling of green technologies. The recognition of qualifications of third-country nationals in this field will also be facilitated. However, an approach that merely promotes vocational training opportunities and adapts skills to the needs of employers will not lead to high-quality jobs per se. To achieve this goal, labour rights need to be reinforced and compliance guaranteed. The Quality Jobs Roadmap, to be drawn up together with the social partners, is therefore eagerly awaited.

It must be ensured that an overly narrow understanding of competition does not jeopardise rights that workers have already fought for. The new pact for European social dialogue announced by the European Commission President for the beginning of 2025 will be measured by whether

workers and their representatives are actually effectively included in all measures for just change.

Enforcing effective social conditions for subsidies and public contracts

Just transition means more than investing in green technologies and industries. Public funds and economic policy measures should only be made available on condition that they create employment security and high-quality employment, as well as sustainable prosperity. This requires a commitment to compliance with collective agreements and to union involvement in merger and investment decisions at company level. However, planning security, including for workers, also requires location and employment guarantees from the beneficiary companies. Social and environmental conditions also need to be agreed for the award of public contracts.

Providing financial resources for Just Transition

The considerable investment gap needs to be closed by the EU. A successor to the Reconstruction and Resilience Fund, which expires in 2026, should be considered. The Just Transition Fund (JTF) will also expire in the coming legislative period (2027). European Commission President von der Leyen has already announced in her Political Guidelines that funding for just transition will be significantly increased in the next long-term budget.

Implement the Just Transition Observatory quickly – jointly develop solutions for just transition

A Just Transition Observatory is due to start work as soon as possible. In practice, Spain, which has already introduced such an instrument, may serve as a model. It serves as a common discussion arena for all stakeholders involved in order to evaluate the effectiveness of various just transition measures and thus jointly initiate and implement the necessary change processes for just transition.



Implementing the Corporate Sustainability Due Diligence Directive (CSDDD) effectively

Demands

- A clear **commitment of the European Commission 2024-2029 to social and environmental sustainability**.
- The European Commission needs to close the existing protection gaps in the directive in the review procedure pursuant to Article 36 CSDDD. Specifically, this includes full **inclusion of the financial sector**. A **legislative proposal has to be submitted by 26 July 2026**.
- The guidelines on the directive to be prepared by the European Commission should be based on **the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct** and the corresponding **cross-industry and sector-specific guidelines** in order to guarantee effective national implementation. **Trade unions and Workers' representatives should likewise be consulted**.
- The European Commission should ensure that the **model contract clauses** and the **central helpdesk** are made available to businesses and Member States as soon as possible.
- The European Commission should submit a proposal for an **EU negotiating mandate** so that the EU may finally become actively involved in the negotiations for a **UN treaty on business and human rights** that have been ongoing since 2014.

Background

On 13 June 2024, Directive (EU) 2024/1760 on corporate sustainability due diligence (CSDDD) was formally issued. The directive represents a paradigm shift. For the first time, corporate responsibility for human rights and the environment along supply chains is being regulated at EU level.

Reasons and arguments

In the Political Guidelines for the next European Commission 2024-2029, there is a strong focus on a one-sided understanding of competitiveness. The future European Commission needs to make sustainable business a priority instead of deregulation.

For inclusion of the financial sector

The financial sector is currently largely excluded from the scope of the directive. However, in order to ensure that the directive is as effective as possible, this sector needs to be also held fully accountable.

For progress on the UN treaty

A [UN treaty on business and human rights](#) would oblige states worldwide to create binding rules for businesses and create a genuine level playing field. The EU has not yet actively participated in the negotiations. This needs to change: the European Commission should submit a proposal for an EU negotiating mandate.

Making CSDDD practicable

The European Commission has set itself ambitious goals in the CSDDD: it needs to create model contract clauses, guidelines and a central helpdesk. Work on such areas should begin immediately so that the resources are available to businesses and Member States in good time.

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EU 2040 climate target: focusing on the social dimension

Demands

- **AK supports the EU's goal of achieving climate neutrality by 2050.** This target requires the definition of an ambitious reduction path with interim targets.
- The outgoing Commission has proposed that **emissions should be 90 percent lower in 2040** than in 1990 in order to achieve climate neutrality by 2050. **According to the impact assessment, this is the best policy option.**
- All Member States need to make an appropriate contribution to this goal. **Transformation requires extensive investment. Corresponding liquidity needs to be ensured.** However, state aid competition among the Member States must be avoided.
- To **prevent the migration of industry** because of unequal CO₂ costs ("carbon leakage"), effective external protection is necessary. The upcoming **CO₂Border Adjustment Mechanism (CBAM) is suitable for this purpose.** Its implementation needs to be well supported.
- With the upcoming **ETS2 (emissions trading for heating and motor fuels)**, special attention needs to be paid to the **impact on people with low incomes.** The social dimension must be at the forefront.

Background

All the necessary measures – expansion of transport and energy infrastructure, orderly dismantling of fossil fuel infrastructure and clear development prospects for businesses – require a high degree of planning and control. The coordinating effect of the market is too slow here. Strong governance coordinated in a transparent manner between the Commission and the Member States is therefore needed to achieve the climate targets.

Reasons and arguments

AK supports the fact that the EU has set itself particularly ambitious climate targets in international accord. When implementing such targets, the primary consideration should be the impact on people.

A clear course for industry

The move away from fossil fuels requires far-reaching restructuring of the economy. In order to ensure investment security, continuity of the objectives is important and adequate liquidity is required. State aid should remain the exception.

Social effects

The emissions trading system for heating and motor fuels entails the risk of sharp price increases and high volatility in the prices of energy sources for households. The Commission and the Member States must therefore work together to ensure that low-income households in particular are protected against sharp price rises. A well-functioning social climate fund plays an important role in this case.

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Strengthening the circular economy – reducing use of resources

Demands

Reinforcing consumer rights and holding manufacturers accountable

- **Ecodesign: long minimum service life** as an essential requirement, focus on **reparability** and **availability of spare parts**
- **Extension of the warranty for durable goods** in accordance with the Ecodesign Regulation
- **Mandatory manufacturer's warranty** in addition to the statutory guarantee
- Introduction of new **Extended Producer Responsibility (EPR) schemes** only under conditions that **do not lead to higher costs for consumers** or distortion of competition

Increasing the use of secondary raw materials

- **Placing the focus** not only on critical raw materials, but **on all types of raw materials**
- **Pre-planning of the use of secondary raw materials** as early as the primary use of raw materials, especially for construction raw materials
- **More specifications for recycled content** in goods
- **Reducing competitive disadvantages of secondary raw materials** compared to primary raw materials
- Ensuring **non-discriminatory access to recycled materials**
- **Preference for** products made from recycled materials **in public procurement**
- Promoting the circular economy and increased use of secondary raw materials through **research and development (R&D), improve the interface** from R&D to market launch
- **Industrial policy subsidies** for circular economy production processes

Background

At 582 billion tonnes, almost as many resources were consumed worldwide between 2016 and 2021 as in the entire 20th century. While the use of consumer goods continues to rise, the proportion of secondary materials used has fallen by 21 percent over the last five years. Such over-usage of resources goes hand in hand with massive environmental pollution. Textiles, for example, are already responsible for around 10% of global CO₂ emissions. A drastic reduction in global resource consumption is therefore necessary in order to stay within the planetary boundaries. Current EU initiatives are intended to contribute to this reduction. For example, the [Ecodesign Regulation](#), which recently came into force, sets requirements for the design of products in order to reduce the associated consumption of resources. Its success depends on the concrete implementation of measures and the question is still to be seen.

In addition, the European Commission's plans to make Europe the first climate-neutral continent will (temporarily) lead to increased demand for raw materials for ecological restructuring. In spring 2024, the [Critical Raw Materials Act](#) came into force. It defines critical and strategic raw materials and sets out three pillars with targets, one of which is aimed at increasing the recycling and reprocessing of raw materials. However, the proposals in this area are still vague and are limited to critical raw materials. The initiatives taken so far are to be welcomed, but are by no means sufficient to achieve the necessary reduction in resources.

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Reasons and arguments

In order to reduce the consumption of primary raw materials in a sustainable manner, there is an urgent need to promote the recycling and processing of secondary raw materials, e.g. as part of the circular economy. The focus should not only be on raw materials defined as critical by the EU, since building raw materials and textiles etc. also make a relevant contribution to resource consumption.

Transition to a circular economy must be implemented more rapidly. Previous efforts have only resulted in minimal progress. Europe is thus also gaining economic advantages in a currently unstable global economic situation, such as increased resilience to supply chain problems, resource independence and a strengthening of the regional labour market. The EU is also making a fundamental contribution to resource, climate and environmental protection.

Empowering consumers (better, differently, less) and place obligations on manufacturers

Consumers must be supported by legal regulations. In order to conserve resources, goods need to be used for much longer. This requires product-specific long minimum service lives and repairable products, for which spare parts need to be available. Extended warranty rights need also to be aligned with the minimum lifetimes in order to reinforce consumer rights. An additional mandatory manufacturer's warranty can reduce premature obsolescence because it creates further incentives for manufacturers to design their products to last as long as possible.

Experiences of Extended Producer Responsibility (EPR) schemes have shown that collective EPR schemes in particular pose the risk of distortions of competition and higher costs for consumers. This has been demonstrated by the EPR for packaging in Austria, for example. For this reason, such systems are only to be welcomed if they are introduced under certain conditions (e.g. management of funds by the public sector) that prevent such risks. What is needed is a nuanced understanding of EPR that is not limited to collective schemes.

Increasing the use of secondary raw materials

There are several starting points for increasing the use of secondary raw materials. Firstly, the secondary utilisation of primary raw materials should already be planned for when the primary raw materials are used. This would be quite possible for building raw materials, for example.

Secondly, the use of secondary raw materials could be increased by prescribing more and higher recycled content for certain products (ecodesign). This will increase market demand for secondary raw materials and ensure reliable sales for the recycling industry.

Thirdly, competitive disadvantages for secondary raw materials need to be eliminated. In many cases, primary raw materials are still significantly cheaper than secondary raw materials, which significantly hinders increased use of the latter.

It is also essential to ensure non-discriminatory access to recycled materials so that all market participants can access secondary raw materials under the same conditions.

The public sector should set a good example and make more use of products made from recycled materials when making purchases.

Industrial policy should encourage industrial companies to focus on circular rather than linear production processes, e.g. by requiring them to demonstrate corresponding efforts in return for subsidies. Companies that are exemplary in this field should be presented to the public as "beacons" so that other companies can follow their example.



Affordable energy for everyone

Demands

- **Comprehensive legal framework for heating and cooling supply:** Piped or central heating/cooling supply is a natural monopoly, both in terms of networks and distribution. In order to achieve public acceptance of the heating/cooling transition, a regulatory framework is needed at EU level, similar to for electricity and gas. This should include, in particular, contract and price transparency and simple legal enforcement for consumers.
- **Continue reform of the electricity market design:** Reform of the electricity market design has fallen short. Electricity will continue to be significantly more expensive in Europe than in other regions of the world – at the expense of households and competitiveness. Improvements are needed in this area to pass on low generation costs to consumers.
- **Deadline extension for transit quota for electricity transmission grids:** According to the EU Internal Electricity Market Regulation, at least 70% of transmission capacities must be available for cross-border electricity trading by the end of 2025. This poses major challenges for certain Member States. In justified cases (e.g., geographical location), a deferral should be provided for in order to prevent the separation of electricity price zones.
- **Harmonised conditions:** Harmful competition between the Member States with regard to subsidies for decarbonisation and efficiency measures for energy-intensive companies must be avoided through harmonised EU funding guidelines.
- **Cooling of living spaces:** Analogous to the survey of households that cannot heat their homes sufficiently, Eurostat should also survey the number of households that cannot cool their homes sufficiently.

Background

Decarbonisation of our economic and social system is primarily based on electrification. The level of the electricity price for renewable energy is therefore essential for households and companies. However, the lessons of the last two years show us that our energy market design is not crisis-proof. Prices for electricity, gas and heating rose to unprecedented heights following Russia's invasion against Ukraine and are still at a high level.

At the same time, energy companies have made enormous windfall profits and paid out record dividends. The resulting distortions on the energy market and in the economy as a whole led to massive financial burdens for households and companies, which continue to this day.

In order to implement the Green Deal and enable the transition to a climate-neutral economy and society, an energy system based on three principles, namely sustainability, reliability and affordability, is required. AK maintains that the principle of affordability must not be allowed to take a back seat. Transition can only succeed if no one is left behind. We appeal to the European Institutions to set the course for all three principles to be fulfilled at EU level.

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Reasons and arguments

At EU level, AK holds that the following course must be set to ensure a sustainable, secure and affordable energy system:

Comprehensive framework for heating and cooling supply

Piped or central renewable heating and cooling systems play a central role in the decarbonisation of ambient heating and cooling. At the same time, these systems are natural monopolies: once the decision on the heating or cooling system has been made, there is usually no possibility of switching to another system for legal, technical and economic reasons. In contrast to electricity and gas, there are no comprehensive statutory and regulatory minimum standards at EU level in the heating and cooling sector. However, such standards are necessary in order to increase acceptance of the heating and cooling transition. This legal framework should include provisions on basic contractual rights and market-based supply prices, information obligations, settlement instruments, provisions for vulnerable customers and the right to out-of-court dispute resolution.

Continue reform of the internal electricity market

Russia's invasion of Ukraine led to drastic price increases on the European electricity market. These price increases led to severe social and economic upheaval. Although the EU electricity market design was reformed last year, the reform fell short. The new regulations still enable electricity prices that are significantly higher than the production costs – especially for renewable electricity generation plants that have already been written off. This means high surplus earnings are still possible for power plant operators. This primarily represents a disadvantage for low-income households and the competitiveness of European companies. [Analyses by the Momentum Institute](#) have shown that in 2023, the nine Austrian state energy suppliers alone will have generated almost EUR 1.5 billion in excess profits compared to the 2018-2021 period. Further reforms of the European electricity market design are therefore needed to enable both sustainable and affordable electricity production and supply. The advantages of cheaper renewable electricity production must be reflected in electricity prices.

Deadline extension for transit quota for electricity transmission grids

Under the EU Internal Electricity Market Regulation, at least 70% of transmission capacity must be reserved for cross-border trading by December 31, 2025. For countries such as Austria and Germany with numerous zone borders to their

neighbouring countries, that high value represents a major challenge, as the transmission grids have to be drastically expanded in any case due to the expansion of renewable energies. If the transit quota is not met from the end of 2025, Austria is threatened with the separation of its electricity price zone. Wholesale prices would then be different in eastern Austria than in western Austria, with drastic economic distortions. It should therefore be possible to extend the deadline until 2030 in justified exceptions. In addition, international electricity traders must share in the expansion costs and more European funds must be made available for cross-border grid expansion.

Harmonised conditions

When designing European subsidy programmes for energy-intensive industries with respect to decarbonisation and efficiency improvement measures, the [structural and social components](#) must be strengthened. These include requirements for safeguarding locations and employment, training young people and ensuring worker participation. Companies that adopt unfair practices such as tax avoidance, tax evasion and aggressive tax planning or that breach labour or social law provisions must be excluded from subsidies. Furthermore, harmonised EU state aid guidelines for the promotion of energy-intensive companies are needed in order to eliminate subsidies competition between Member States.

Cooling of living spaces

The climate catastrophe is bringing the issue of cooling increasingly to the fore. In 2023, more than 47,000 people died from heat in Europe, compared to 60,000 in the year before. Households impacted by energy poverty are particularly affected. The European legislator has addressed the issue of cooling in several dossiers. What is missing, however, is a statistical survey by Eurostat of households that are unable to cool their homes sufficiently. Statistical figures on this phenomenon are of central importance in order to be able to take measures on this basis.



Shaping the mobility transition

Demands

- In **public-service rail passenger transport** the **possibility of directly awarding contracts** must be retained; **there should be no tender obligation** for rail.
- The ambitious goals of the mobility transition can only be achieved with a **new economic policy** (financing/**investments, employment policy and industrial policy** for the goods of the mobility transition).
- Establishment of an **IPCEI (Important Project of Common European Interest) for the rail industry** to produce rolling stock and infrastructure for the mobility transition in Europe.
- EU-wide **corporate mobility management**
- **EU-wide night train service**
- **Rescuing and expanding rail freight transport:** There is a need for **binding modal shift targets** and fewer funding restrictions; no distortion of competition in favour of HGVs.
- **Right to good and sustainable mobility** for everyone: everyday journeys must be possible without a car.
- **Good working conditions for all transport employees**, so that enough employees can manage the mobility transition. Wage and social dumping in road transport, at low-cost airlines and at parcel and food delivery companies must end.
- **Increased taxation on air traffic**
- **Simple ticketing** for cross-border rail and bus transport
- **Improve passenger rights and ensure harmonisation** between modes of transport
- Pushing measures to reduce **unecological transport** to a sustainable level

Background

The transport sector is responsible for around 30 percent of total greenhouse gas emissions in the EU. Decarbonisation is progressing more slowly here than in other sectors. The current focus on automobility is creating a range of environmental, health and social problems: particulate matter, noise, accidents, landscape fragmentation, space requirements in cities, financial burdens etc.

Transition to comprehensive mobility with extensive expansion of public transport, cycle paths and pedestrian zones is required. It needs to focus on eco-mobility, rather than being limited to electric cars. Guided by the principle "Avoid – shift – improve traffic", an efficient rail network must be the backbone of our future mobility.

The focus will be on the European rail sector with all its relevant aspects, including: expansion and closure of gaps in the rail network, frequent services (day and night), an efficient rail industry and innovative and public welfare-oriented concepts for the "last mile". Freight should increasingly be transported by rail. The past few years have amply demonstrated that such a shift cannot be achieved through privatisation and liberalisation. A rethink is needed to address this issue. We need more democratic processes, public investment and better working conditions in the transport sector. There needs to be binding minimum standards for public transport for EU residents.

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Reasons and arguments

Evaluating rail liberalisation

The liberalisation of rail transport needs to be evaluated and, if necessary, reversed. The successful model of public passenger transport services being directly awarded by the state must not be abandoned on the basis of ideological considerations and in the face of empirical evidence. The existence of rail freight transport is currently under threat due to liberalisation steps (e.g. ban on cross-financing for integrated railways, social dumping in lorry transport). Countermeasures must be taken immediately. Binding requirements are needed for the transfer of heavy and hazardous goods to rail. This also requires EU-wide rules to promote single-wagon transport (where individual wagons are combined to form trainsets) as an alternative to HGVs. The roll-out of digital automatic coupling (DAC) and its public funding are also essential for this to be effective.

Expanding the rail industry

The European automotive industry is facing major challenges and problems – primarily caused by its own fault. A strong European rail industry should offer new jobs and prospects for those employed in that industry. Planned restructuring and retraining measures are needed as part of an active industrial policy in order to leverage the industrial potential of the rail industry and produce the goods and infrastructure for the necessary mobility transition itself. An IPCEI should be set up to strengthen the rail industry and protect the industry against low-cost competition from Asia. For this reason, mandatory criteria for European value creation must be taken into account in future tenders. As the expansion of rail systems is primarily financed by taxpayers' money, the economic benefits should also remain local.

Night trains instead of flights

An EU-wide night train service could replace a large proportion of intra-European air traffic. ÖBB, the Austrian national rail company, shows how that can be done with its "Nightjets". However, predictable framework conditions and specifications are required here, e.g. cross-border PSO remuneration, fewer construction sites at night, affordable rail usage charges.

transport workers

Especially in cross-border transport, forgery-proof working time records and sufficient control options are required to prevent wage and social dumping and reduce the risk of accidents. For the creation of a single European railway area, it is important that its implementation is not carried out at the expense of employees or at the expense of safety (including maintaining language requirements, maintaining high training standards, improvement of the cross-company recognition of licences and certifications).

Taxing air traffic at last

At the same time, however, the tax privileges enjoyed by air travel must be reduced or ended. Before the pandemic, a study commissioned by the European Commission put the subsidy from the non-taxation of kerosene in the EU at around EUR 30 billion per year. Added to that is the VAT exemption on international flight tickets, which at the time amounted to around EUR 40 billion per year across the EU. This may also generate funds for the expansion of clean modes of transport. There should also be no EU funding for the construction of airports. An EU-wide ban on short-haul flights and private jets should also be considered.

More respect for professional drivers

There is no shortage of professional drivers, but there are issues with insufficient pay and poor working conditions. There is a lack of sufficient and safe rest areas on motorways with social infrastructure (clean sanitary facilities, rest and break rooms etc.), which are financed via the lorry toll and must be free of charge for professional drivers.

Stronger use of the polluter-pays principle in road freight transport

The costs of environmental and health damage should increasingly be borne by the road freight transport sector. A new infrastructure costs directive must break new ground here. Measures to protect the population along European motorways in sensitive mountain regions, such as a ban on HGVs driving at night, must be compatible with EU law. The Commission should also stop promoting gigaliners through the back door.

Good working conditions for all





Passenger rights and ticketing: uniform and transparent rules are needed

Demands

- Europe-wide, **high-quality, uniform and transparent passenger rights**
- **National enforcement and conciliation body** for all public transport passenger matters in the Member States
- **Purchase of combined tickets** for all public transport modes for a single destination from one sales point as through tickets with safeguarding of passenger rights, even if the legs of the journey are not offered by a single company
- Mandatory requirements for **standardisation and provision of data for cross-company ticket sales across Europe** as well as passenger information
- Mandatory **rules for affordable, transparent and predictable fares** in public transport and the obligation to publish them before they come into force
- **National supervisory and licensing authority** in the Member States for fares and conditions of carriage for public transport

Background

Mobility is an essential part of everyday life. However, mobility is also one of the biggest emitters of greenhouse gases in Europe. Emissions must be reduced and avoided in order to achieve the climate targets that have been set. Public transport is an important part of that transport revolution.

Reasons and arguments

To be accepted by large sections of the population, public transport must be attractive, comfortable, easily accessible and affordable. Clear, enforceable passenger rights and simple ticketing are important prerequisites for increasing public acceptance. If ticketing is too complex and time-consuming or fares are too expensive, people will continue to use their own cars.

Need for uniform passenger rights

While passengers in Europe receive compensation for delays of one hour or more for rail travel and three hours or more for air travel, in the case of bus travel they receive nothing even if their arrival is delayed by six hours or more. In addition, numerous exceptions make it difficult for passengers to enforce their rights. Enforcement and conciliation bodies do not have competence for all passenger concerns with respect to public transport. If a passenger has to buy several tickets from different providers for one destination, they forfeit their essential passenger rights. Despite numerous provisions for passengers under European law, such as the Rail Passenger Rights Regulation, the Air Passenger Rights Regulation, passenger rights in bus and coach transport, passenger rights in maritime and inland waterway transport or package travel law and the current proposal for a regulation for multimodal travel, it has not yet proven possible to create a minimum level of uniform rights for all fields. Specialist knowledge is still required in order to know which rights exist for which means of transport and where they can be asserted.

Low-threshold ticketing and fares

Buying tickets across Europe is currently challenging. Even in the individual Member States, there is usually no uniform logic to the ticket and fare systems. A Europe that wants to promote the switch to public transport needs uniform, simple ticketing and comprehensible, affordable fares.

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European water strategy – implementing the EU Blue Deal

Demands

- **Top priority for water in** the coming years with **the focus on fair distribution of water resources** to prevent conflicts of use. Improving water infrastructure, common understanding of water poverty, careful use of water, strengthening of research and innovation.
- **Prioritising drinking water supply over all other interests of use:** The supply of clean and affordable drinking water is a UN human right and must be guaranteed in times of the advancing climate crisis.
- **Strengthening public services of general interest:** Due to its focus on the common good, a publicly owned water supply provides the best prerequisites for coping well with the future challenges of water management and safeguarding the water supply for future generations.
- **No liberalisation obligations:** The exemptions in the Concessions Directive for water supply and wastewater disposal achieved through the efforts of the first successful European citizens' initiative "Right2Water" must be retained.
- **Ensuring more budgetary leeway and EU funding:** Investments in water and wastewater infrastructure should be exempt from the strict EU budget rules. Furthermore, sufficient EU funds must be available for investment, research and innovation.
- **Actually implement the polluter-pays principle and "Extended Producer Responsibility":** Currently, the treatment costs for the removal of chemicals from raw water are paid by water customers and not by the polluters responsible for the various chemicals (PFAS, POPs, PMTs, agrochemicals and microplastics etc.). This situation needs to be changed.

Background

People in Europe need many billions of cubic meters of water every year for drinking water supply, agriculture, industry, tourism and services. The climate crisis is causing temperatures to rise, which is having a negative impact on citizens and the environment. Around a third of the European territory will face permanent or temporary water shortages. It is therefore urgently necessary to combat the threat of water scarcity and take all necessary steps to prevent potential conflicts of use. The key building blocks for this are strengthening public services of general interest, careful use of water as a resource, sufficient funding for the public water supply, decent work and high-quality jobs.

In July, the EU launched an awareness campaign on the careful use of water ("WaterWiseEU"). The newly elected Commission President Ursula von der Leyen announced the development of a strategy for sustainable management of water.

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Reasons and arguments

The climate crisis has arrived in Europe and is here to stay. More and more regions in the EU are struggling with water shortages and extreme weather events. Action must be taken now to bring the climate and water crisis under control. Water must therefore be given top priority on the political agenda.

Preventing water conflicts

Agriculture and water-intensive industries are the biggest consumers of water. High water losses are also caused by leakage in the pipe network, accounting for over 20 percent of water losses in certain EU countries. Water use can be improved through new technologies and water-saving practices (such as drip irrigation, the growing of water-saving crops and strengthening the circular economy etc.). This requires investment, research and innovation. Forward-looking planning and better data, dialogue with water users in the form of water councils and strong political coordination can prevent conflicts over use of the precious resource of water. In the event of water conflicts, drinking water supply must take precedence over all other uses.

Water managed by public authorities

At a time of impending water liberalisation, trade unions and AK, together with a coalition of social movements, have successfully campaigned for water to be regarded as a public good and not as a commodity. Studies provide ample evidence that the public provision of water has many advantages over privatisation. Negative experiences associated with privatisation (higher water prices and low investment in infrastructure etc.) have led to remunicipalisation of the water supply in many towns in France, Spain and Germany. The Letta Report on the future of the EU internal market identifies fragmentation of the water sector as a problem that hinders the equitable development and maintenance of water infrastructure. It is proposed that: encouraging the aggregation of water operators could promote the formation of larger entities capable of substantial infrastructural investments. Inter-municipal cooperation therefore urgently needs to be strengthened so that small-scale water management is better positioned in the future. We firmly reject possible liberalisation and privatisation efforts.

Expanding budgetary leeway

Investments in water infrastructure and storage capacity are urgently needed for the future water supply. The water distribution networks and infrastructure must be upgraded to the state of the art and old pipes must be replaced. EU funds must be made permanently available for those necessary investments. In addition, the strict EU budget rules for investments in water and wastewater infrastructure must be relaxed in order to ease the burden on towns and municipalities.

Strengthening the natural environment

In the battle for water, flora and fauna often have no voice, although the complex systems are closely interlinked. Water quality depends directly on the amount of water available. If the groundwater level falls, the concentration of pollutants increases. To protect water resources against contamination of all kinds, the polluter-pays principle and Extended Producer Responsibility should therefore be implemented more strongly in general EU legislation. Rising temperatures of groundwater, rivers and lakes have an impact on water quality. However, water also needs space to drain away better in (heavy) rainfall. It is therefore important that rivers are restored, moors renaturalised and soils less sealed so that they can absorb more water or serve as retention areas during floods. It is crucial to bring all stakeholders to the table in order to develop robust solutions together. The [EU Nature Restoration Regulation \(2024/1991\)](#) is an important step in this direction. The EU Member States should receive financial support from the EU. This would also be important for achieving the objectives of the [EU Water Framework Directive \(2000/60/EC\)](#).

Tackling the climate crisis with a firm hand

The climate crisis is leading to ever higher temperatures, more extreme weather events such as heat waves and droughts, more intense rainfall and flooding. This affects both water security and food security. It is important to take decisive action on climate protection.



New genomic techniques: ensuring freedom of choice for consumers

Demands

- **Freedom of choice for consumers:** Food and feed produced using new genomic techniques (NGT) must be labelled as genetically modified products to enable consumers and all users along the entire value chain to make an informed choice.
- All food and feed produced using new genomic techniques **must be tested for risks to human health and the environment** prior to market authorisation. The legally enshrined and established precautionary principle must not be weakened or circumvented.
- Organic farming, as well as GMO-free conventional food production, must not be jeopardised. **Existing EU regulations on genetic engineering must therefore continue to apply to all NGT processes in the future.**
- For all NGT plants, the developer and/or distributor must **submit detection methods**; there must be no exceptions and no easing of conditions for the genetic engineering sector.
- **No patent on life:** Analogous to conventional breeding, rules must be created to ensure that products of new genomic techniques cannot be patented.

modified organism (GMO), no risk assessment for human health and the environment and no detection methods are provided. In practice, this means that consumers are not informed and both GMO-free food production and agriculture, including organic farming, are facing major challenges.

Ensuring freedom of choice and assessing risks

Consumers in Europe, and especially in Austria, want to know what ends up on their plates. As numerous studies have shown, they are clearly in favour of freedom of choice with respect to all genetically modified organisms, including products resulting from new genomic techniques. Consumers' right to information is enshrined in EU food law (EU (Regulation) 178/2002) and in the EU Treaties (Article 169). Consumers may only make an informed choice if products are clearly labelled. Consumers must be able to rely on the safety of all NGT products. CRISPR/Cas and similar techniques are new technologies, which is why many questions about the safety of such products remain unanswered. Throughout Europe, authorities (Environment Agency Austria, the Federal Agency for Nature Conservation in Germany and the ANSES food authority in France) recommend a case-by-case assessment for all NGT products prior to their market authorisation in order to assess potential risks.

Background

For years, there has been intensive discussion at European level about how to deal with products of new genomic techniques (such as CRISPR/Cas "genetic scissors"). In July 2023, the European Commission presented a proposal for the deregulation of new genomic techniques ([COM \(2023\) 411](#)). [AK is critical](#) of that proposal.

Reasons and arguments

The European Commission breaks down plants that are created using new genomic techniques (NGT) into two categories: NGT1 plants and NGT2 plants. For NGT 1 plants, which account for 94 percent of all genome-edited products, no labelling as a genetically

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Measures for human-centered AI

Demands

- AI may cause mass unemployment and growing social tensions or alternatively more pleasant working conditions, shorter working hours and social improvements for all. The EU should therefore promote high standards of protection for workers and consumers.
- Gaps in protection with regard to use of AI at the workplace must be closed. The European Commission should consider supplementing the legal framework, particularly in the field of algorithmic management.
- The consent and participation rights of employees and their (inter)company interest groups (including in fields not covered by the AI Regulation) must be ensured.
- Swift implementation of the AI Regulation is the basis for effective enforcement of human-centred AI. Workers' and consumer representatives must be involved (e.g. in the implementing acts and guidelines of the European Commission and the harmonised standards of the standardisation organisations).
- The promotion of "good" AI (e.g. investments, research funding, support for SMEs and start-ups, establishment of AI living labs and data rooms) and protective measures against risks should be implemented at both EU and national level in close cooperation (e.g. establishment of an expert network to support national authorities).

Background

AI has the potential to change our world for the better, but it also poses massive risks. EU regulation has laid the foundations for "good" AI (compliant with fundamental rights, human-centred, ethical and safe). Its implementation is intended to promote AI that serves human well-being.

Reasons and arguments

AI regulation: closing the gaps

The European legal framework for the use of AI at the workplace includes the [AI Regulation](#), the [GDPR](#) and the [Platform Work Directive](#). However, there are still gaps: the fundamental rights impact assessment is not mandatory for AI operators in the field of employment and algorithmic management is not sufficiently covered.

Outsourcing detailed regulations to private standardisation organisations is problematic from a democratic point of view, as company representatives dominate standardisation. Self-certification in the conformity assessment process raises fears of compliance gaps.

Promote responsible AI

AI and digital technologies that pursue goals in the public interest should be developed and promoted through responsible innovation. They should be available to authorities and companies as an alternative to the cheaper, but in many cases questionable, offerings from third countries.

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Digital fairness for consumers

Demands

- AK calls for fair treatment of internet users, transparency, respect and self-determination. That requires measures including the following:
- An EU law on digital fairness for consumers to complement the Digital Services Act and Digital Markets Act.
- Protective provisions for consumers in addition to the GDPR, the AI Act, the Data Act, European Health Data Space etc.
- Avoidance of a legal "parallel universe" for consumers.
- Departure from the model of the "informed consumer", as trust can be abused particularly easily in the data economy.
- Digital sovereignty: "right to offline use" instead of "compulsory online use" means being able to use the core functions of a product offline, if desired – as far as technically possible.
- Ban on personalised prices
- Protection against personalised and manipulative advertising: "don't Track" should apply generally, regardless of age, and be explained in the simplest possible way.
- Regulation of influencers: there is a need for clearly visible labeling of online advertising and measures to protect children and young people.
- Biometrics: the human body must not be a key for consumer transactions. Among other things, there needs to be a ban on trading in biometric data and consumers need to have rights to choose
- No delay in regulating liability in relation to AI.

Background

The digital world is gaining more and more power through the use of algorithms and artificial intelligence, while the position of consumers is becoming increasingly weak.

"Take it or leave it" is often the motto of online providers. Those who go along with that have their behaviour monitored and attempts are made to influence how they act.

In the last EU legislative period, numerous EU legal acts were adopted in relation to the digital sector. However, there are gaps from a consumer protection perspective.

The European Commission is currently conducting an evaluation ([fitness check](#)) on the digital fairness of consumer law. [DIRECTIVE 2005/29/EC](#) on unfair commercial practices, [DIRECTIVE 2011/83/EU](#) on consumer rights and [DIRECTIVE 93/13/EEC](#) on unfair contract terms are being evaluated to determine whether they ensure an adequate level of protection in the digital environment.

The digital fairness fitness check offers the opportunity to turn powerless consumers into self-determined actors in the digital world. In view of the massive deficits that currently exist, AK believes that far-reaching amendments to the existing legislation are necessary.

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Reasons and arguments

Departure from the model of the "informed consumer"

The assumption that consumers act in a sovereign manner when detailed information is available to them is outdated. Trust may easily be abused and behaviour may readily be manipulated in the digital economy.

Even the best-informed consumers can fall into the trap of dubious online investment fraudsters in the hope of making a profit. Complex products and services and the interests of players along the digital value chain (such as advertising networks) are almost impossible to grasp. It is therefore often not possible for consumers to make sovereign decisions with regard to application and misuse options, data protection, technical default settings, interoperability, security requirements etc.

AI is capable of exploiting human vulnerabilities. The AI Regulation fails to acknowledge this reality. For example, Art. 5 prohibits AI systems that aim to materially distort behaviour if the person is vulnerable due to age, disability or a specific social or economic situation and significant psychological or physical harm is likely to result. AK considers that digital fairness means that no one should be manipulated. Protective provisions must not be restricted to particularly vulnerable groups. The model of the vulnerable consumer must replace the model of the average (informed, reasonable and careful etc.) consumer in legislation and case law.

Lack of protective provisions for consumers

Protective provisions for consumers are lacking in the digital world in many areas, including in connection with algorithmic decisions (Art. 22 [GDPR](#)), artificial intelligence ([AI Regulation](#)) and [AI liability](#), as well as data flows between public bodies, companies and data trustees ([Data Governance Act](#)), data access in the Internet of Things ([Data Act](#)), the secondary use of health data ([EHDS](#)), confidentiality and privacy in internet and telephone communications ([ePrivacy Regulation](#)) and proof of identity for consumers ([eIDAS](#)). Two specific problem areas are discussed below.

Regulating influencers and online advertising

Influencers are the stars of social media. Children become their fans from as early as primary school age and emulate them. It is difficult for children to see through the fact that carefully considered business models – based above all on wide-ranging forms of advertising – lie behind the performances of influencers.

Editorial content can hardly be distinguished from advertising. AK calls for visible labelling of advertising and an EU monitoring body for influencers to ensure the protection of minors. A general advertising ban should be imposed on alcohol and unhealthy foods in larger quantities. Product placements must be given shorter air time. A new directive could set out general principles for all online media and forms of advertising and should include a ban on disruptive advertising, advertising with gambling elements (loot boxes in games) and exploitation of the urge to play (such as in-app advertising in games).

The [DSA](#) prohibits personalised advertising if it is directed at minors. However, digital fairness should go further: "do not track" should apply to all consumers and be complied with by all online players. Cookie management systems are not used by most consumers due to the time it takes to change the settings. Simple ways are needed for internet users to express the wish not to be subjected to profiling and personalised advertising.

Prohibit personalised prices

Behavioural profiling and AI enable tailoring of prices to individual consumers. Thanks to the [Modernisation Directive](#), companies are required to indicate that they use personalised prices. However, those affected only know that the price has been tailored to their profile or situation and that there is a risk of disadvantage. The rights to access information under Art. 22 [GDPR](#) do not help here. Information is only provided after the fact, and often only following time-consuming complaints procedures. That means consumers lose their awareness for the "normal price" or reference price and have a sense of arbitrariness and powerlessness. AK therefore calls for a ban on entirely personalised prices. In the case of target group-specific prices (minimum group size), consumers need to know the range of possible prices in advance and recognise why they belong to a particular price category.