

Online Meeting:
The European Minimum
Wage Directive

14 December 2023



Action Plans to improve collective bargaining coverage

Dr. Torsten Müller, ETUI

▶ The European Minimum Wage Directive: Where we come from...



DG ECFIN's famous list of
„Employment friendly reforms“

Freezes or Cuts of Minimum Wages:

Decentralisation of Collective Bargaining

- Strengthening company derogations/
Removing favourability principle
- Limiting/abolishing extensions
Decline of bargaining coverage

“Overall reduction of wage-setting power of trade unions”





Principal objectives of Minimum Wage Directive



- Promotion of **Adequate Minimum Wage Levels**
- Promotion of **Collective Bargaining**



FAIR WAGES!
Collective bargaining **FOR ALL**
and fair minimum wages



▶ Setting out procedures to achieve objective strengthening CB



Criteria to ensure stronger collective bargaining:

“Member States shall, where the collective bargaining coverage rate is **less than a threshold of 80%**, provide for a **framework of enabling conditions** for collective bargaining, either by law after consultation of the social partners or by agreement with them. These Member States shall also establish an **action plan to promote collective bargaining**. (...).”



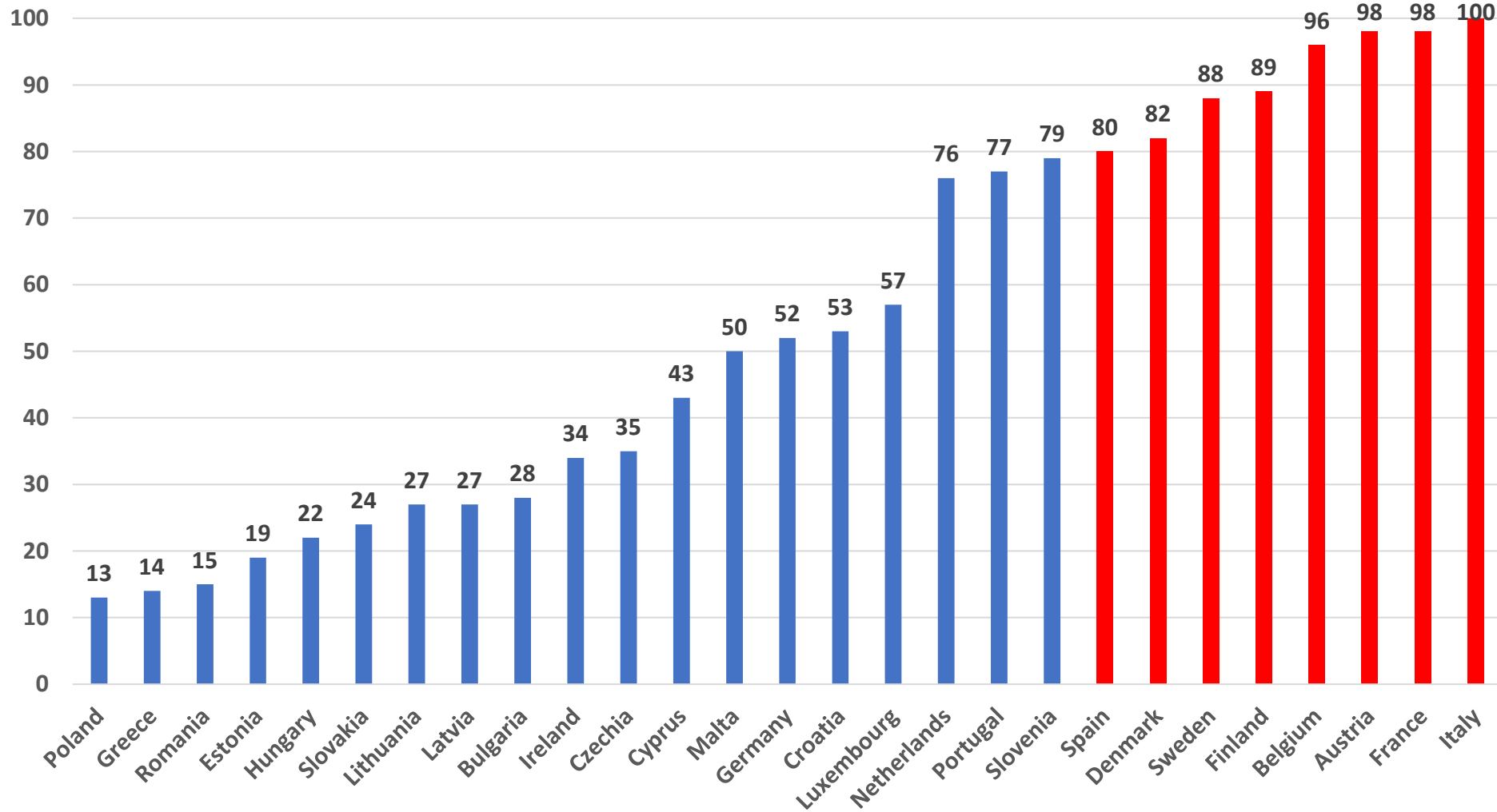
The **action plan** shall

- set out a **clear timeline and concrete measures**
- be **reviewed regularly and updated** (...).
- be **made public** and notified to the Commission.



Collective Bargaining Coverage

(2021 or most recent year available)



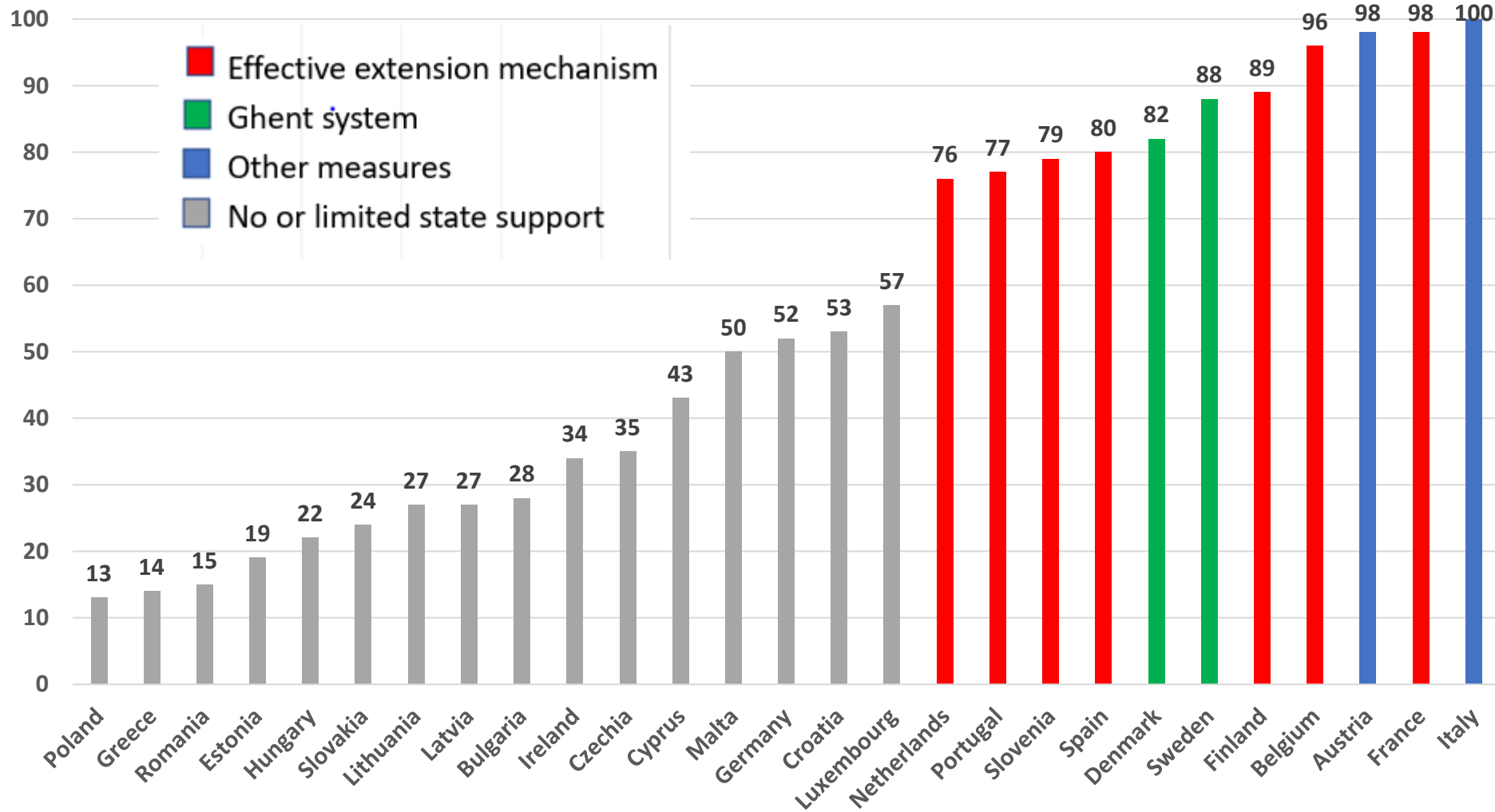
Only **8 countries** fulfil the 80% threshold!!!

This means in **19 countries** government needs to establish action plan to improve CB coverage!!!

Source: OECD-AIAS Database



Collective Bargaining and state support



Preconditions for high CB coverage:

- Sectoral CB
- State support through extension or other mechanisms

▶ Strengthening Collective Bargaining



Threshold of 80% coverage- what does it mean?

- Indicator for **adequate** bargaining coverage
- **Trigger for political action** in countries with less than 80% coverage to progressively increase coverage
- Implicit call to introduce / strengthen **sectoral system** of collective bargaining



▶ Action Plan to promote Collective Bargaining



Measures improving **unions' capacity to act and organize**:

- **Right of access** to companies (also digitally)
- **Anti-union busting** measures to protect unionists and other democratically legitimized employee reps from discrimination, dismissal and blacklisting
- Providing union reps with **sufficient time and facilities**
- Right to **collective redress** in case of violation of agreement
- **Financial incentives** for union members



▶ Action Plan to promote Collective Bargaining

etui.

Measures improving **employers' organizational capacity**:

- Promoting the establishment of **employers' federations** and their willingness to assume a negotiation role
- Introduction of a **chamber system** with compulsory membership
- **Obligation** for employers to **engage in sectoral bargaining**



▶ Action Plan to promote Collective Bargaining



Measures to establish and support **sectoral bargaining**:

- Promotion of **multi-employer bargaining**
- Effective **extension** of collective agreements
- Collective bargaining clauses in **public procurement**
- **Continuation of CAs** in case of spin-offs
- **Extending the scope** to previously excluded groups of employees
- Continuation of **validity after expiry**
- Strengthening the **favourability principle**



▶ Measures to strengthen Collective Bargaining: Romania



New law on Social Dialogue (December 2022)

- **Cross-sectoral negotiations** if negotiating employers' association covers 20% of the workforce;
- Less restrictive **extension criteria**: signatory employers' association needs to represent 35% of employees (no longer 50%);
- **Company-level bargaining is mandatory** in companies with at least 10 employees (no longer 21);
- Less restrictive **representativeness criteria** for trade unions for bargaining purposes: 35% at company-level and 5% at sectoral level;
- **Less restrictive criteria establishing a union**: from at least 15 members to 10 members





Measures to strengthen Collective Bargaining: Ireland

Report of High-level working Group



Key problem: employers' reluctance to engage in negotiations with unions

Recommendations: creating **incentives** and **soft pressure** for employers

- At **sectoral level**: ending the de-facto veto power of employers to negotiate “Employment Regulation Orders”
- At **company-level**: requirement for employers **to engage in a process of “good faith”** if requested to do so by union with “meaningful” membership

▶ Measures to strengthen Collective Bargaining: Germany



Ministry of Labour: planned legislation

Federal public procurement law (Bundestariftreuegesetz)

- Ensuring that **public contracts** at national level are only awarded to companies that **apply provisions of collective agreements**
- Following already existing examples in various German Federal States (Länder)

▶ Action Plan to promote Collective Bargaining



- There is **no “one size fits all”** – need for country-specific solutions
- Let’s not wait two years for the Directive to be implemented: **Act now!!!**

▶ Thank you very much for your attention!

etui.

6

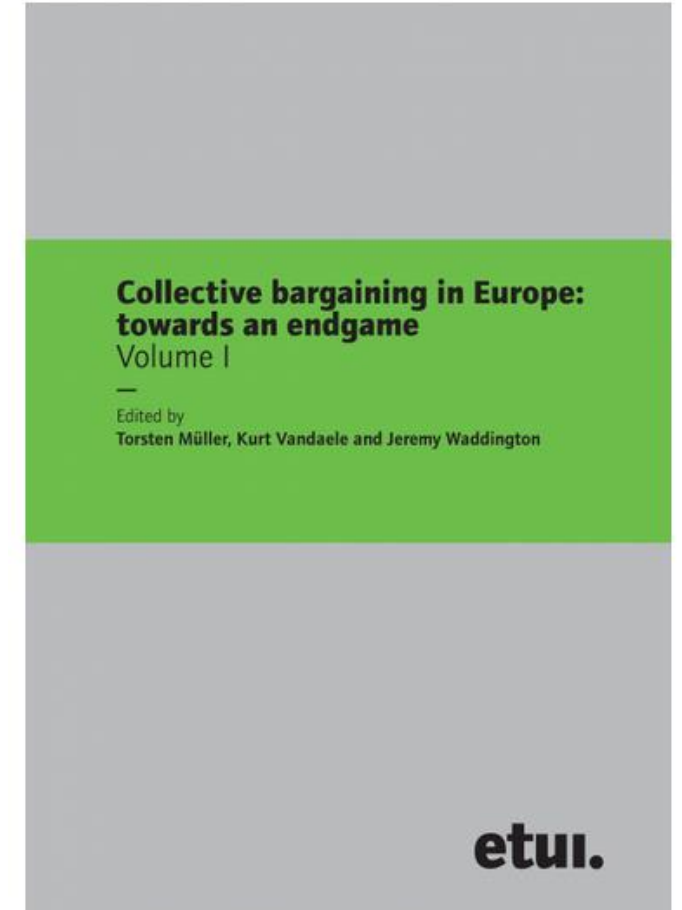
The Collective Bargaining Directive in Disguise – How the European Minimum Wage Directive Aims to Strengthen Collective Bargaining

TORSTEN MÜLLER AND THORSTEN SCHULTEN

In: Ratti L., Brameshuber E. and Pietrogiovanni V. (eds.) The EU Directive on Adequate Minimum Wages. Context, Commentary and Trajectories, Bloomsbury Publishing
<https://www.bloomsbury.com/uk/eu-directive-on-adequate-minimum-wages-9781509968725/>



Dr. Torsten Müller
tmueller@etui.org



<https://www.etui.org/publications/books/collective-bargaining-in-europe-towards-an-endgame-volume-i-ii-iii-and-iv>