

CONFEDERATION

**SYNDICAT**

**EUROPEAEN**

**TRADE UNION**



# DIRECTIVE ON ADEQUATE MINIMUM WAGES IN THE EU

## Overview and Recent Developments

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# DIRECTIVE ON ADEQUATE MINIMUM WAGES IN THE EU

- Context
- Timeline
- Priority Areas
- Ongoing and upcoming activities

# DIRECTIVE ON ADEQUATE MINIMUM WAGES IN THE EU BACKGROUND CONTEXT

- *“Within the first 100 days of my mandate, I will propose a legal instrument to ensure that every worker in our Union has a fair minimum wage. This should allow for a decent living wherever they work. Minimum wages should be set according to national traditions, through collective agreements or legal provisions”.* (Ursula von der Leyen, July 2019)
- Two-Stage Consultation with the European Social Partners (January and June 2020)
- Commission Proposal, October 2020
- ETUC Demands (Adequacy, Deductions, Collective Bargaining, Public Procurement, Safeguards)
- Directive Adopted in October 2022

# DIRECTIVE ON ADEQUATE MINIMUM WAGES IN THE EU TIMELINE

- Directive Adopted: October 19 October 2022, entered into force 14 November 2022
- Transposition Deadline: 15 November 2024 – 2 years from entering into force
- Reporting: First Report to be delivered by 1 October 2025, then every 2 years.

# DIRECTIVE ON ADEQUATE MINIMUM WAGES IN THE EU PRIORITY AREAS

## Main Objectives:

- Adequacy of statutory minimum wages
- Promoting collective bargaining on wage-setting
- Enhancing effective access of workers to minimum wage protection

# PRIORITY AREAS

## ADEQUACY OF STATUTORY MINIMUM WAGES (ARTICLE 5)

### Issue: Ensuring a worker-centred perspective to statutory minimum wage level

Member States to set criteria for setting and updating statutory minimum wages with the aim of

- **achieving a decent standard of living**
- **reducing in-work poverty**
- **promoting social cohesion and upward social convergence**
- **reducing the gender pay gap.**

Member States may decide on the relative **weight of those criteria**

**Adequacy** – fairness and decent standard of living

The national criteria referred to in shall include at least the following elements:

- a) the **purchasing power** of statutory minimum wages, taking into account the **cost of living**;
- b) the **general level of wages** and their distribution;
- c) the **growth rate of wages**;
- d) long-term national **productivity** levels and developments.

- Obligation to establish or designate a consultative body – social partners involved
- Updated every 2 years minimum (unless automatic indexation – then every 4 years)

**Reference Values:**  
Threshold of Decency  
- 60% Gross Median Wage  
- 50% Gross Average

# PRIORITY AREAS

## PROMOTING COLLECTIVE BARGAINING ON WAGE SETTING (ARTICLES 3, 4, 9)

### Article 2 – Definition of Worker

Workers as defined at national level, taking into account case law at European level, that characterises an employment relationship in terms of:

- a) Provision of labour
- b) Remuneration
- c) Subordination

### Article 3 Definitions

(3) 'collective bargaining' means all negotiations which take place according to national law and practice in each Member State between an employer, a group of employers or one or more employers' organisations on the one hand, and **one or more trade unions** on the other, for determining working conditions and terms of employment;

(5) 'collective bargaining coverage' means the share of workers at national level to whom a collective agreement applies, calculated as the ratio of the number of workers covered by collective agreements to the number of workers **whose working conditions may be regulated by collective agreements** in accordance with national law and practice.



# PRIORITY AREAS

## PROMOTING COLLECTIVE BARGAINING ON WAGE SETTING (ARTICLES 3, 4, 9)

### Collective bargaining coverage

Only **collective agreements concluded by trade unions** should be taken into consideration.....

BUT!!

Reality of data constraints – lack of differentiation of agreements signed by trade unions and other “workers organisations”

Clear obligation to differentiate. Data collection should be improved.  
EC to review on case-by-case basis.... (how?)

# PRIORITY AREAS

## PROMOTING COLLECTIVE BARGAINING ON WAGE SETTING (ARTICLES 3, 4, 9)

### Article 4

Obligation to take measures to:

- Promote capacity building
- Protect the right to collective bargaining, protect workers and trade union representatives who participate in collective bargaining on wage-setting **or wish to participate**
- Protect trade unions from interference (recital 16 explicitly mentions union busting as contributing to weakening of collective bargaining)
- Establish an **Action Plan to Promote Collective Bargaining** if CB coverage is less than 80% (see article 4(2)) - Action plan requires consulting with social partners, agreement with the social partners, or, following a joint request by the social partners, as agreed between the social partners.

# PRIORITY AREAS

## PROMOTING COLLECTIVE BARGAINING ON WAGE SETTING (ARTICLES 3, 4, 9)

### Article 9

Issue: Supporting the use of public procurement to support and promote collective bargaining – within current framework

Positive: Highlighting possibilities (positive clarification)

- Excluding companies who breach workers' rights
- Having coverage of a collective agreements as an award criterion
- Respect of collective agreements in performance conditions
- Termination in case of non-payment of wages

# DIRECTIVE ON ADEQUATE MINIMUM WAGES IN THE EU FUTURE ACTIVITIES

Continuation of the Expert Group

- supporting transposition and beyond?

Monitoring of the Implementation of the Directive

- Role for the European Semester? Another body?

ETUC Action Plan

- Supporting Background Notes

ETUC Project to support transposition – TU Access, Defining Adequacy

❖ Thank You!

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