

Adequate minimum wages in the European Union

2020/0310(COD) - 18/11/2021 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Employment and Social Affairs adopted the report by Dennis RADTKE (EPP, DE) and Agnes JONGERIUS (S&D, NL) on the proposal for a directive of the European Parliament and of the Council on adequate minimum wages in the European Union.

The proposal for a directive establishes a framework to make minimum wages more adequate and to improve workers' access to minimum wage protection.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Framework established by the directive

According to Members, the directive should aim to improve working and living conditions in the EU for all workers, contribute to upward social convergence and reduce pay inequalities and the gender pay gap in the EU.

To this end, the Directive should establish a framework to:

- **determine the adequate and fair level of minimum wages** to ensure at least a decent standard of living for workers and their families;
- **ensure protection offered by minimum wages**, in the form of: (i) a non-discriminatory statutory minimum wage, where statutory minimum wages exist; (ii) access to collective bargaining for wage setting; and (iii) universally applicable collective agreements, where they exist.

The Directive should apply with due respect for the freedom of association and the right to collective bargaining as recognised in the Charter of Fundamental Rights of the European Union, the European Social Charter and the relevant International Labour Organisation (ILO) conventions. The social partners would retain the right to negotiate, monitor and set wages through collective agreements.

Promotion of collective bargaining for wage setting

In cooperation with the social partners, Member States should also:

- prohibit and take measures to prevent all acts which undermine the right of workers to join a trade union, or which discriminate against workers and trade union representatives participating in collective bargaining on wage setting, and ensure that all workers have appropriate access to the necessary information on their rights;
- prohibit all acts aimed at undermining collective bargaining on wage setting;
- ensure that employers provide trade union representatives with appropriate information and facilities to enable them to carry out their functions in respect of collective bargaining on wage setting;
- support compliance with applicable collective wage agreements, also along the sub-contracting chains, and the provision of collective wage agreements to employers and workers.

Action plan

Member States where the overall collective bargaining coverage regulating remuneration is less than 80% of the workers should ensure conditions conducive to the promotion of collective bargaining, in the form of an action plan, by law following consultation with and in agreement with the social partners.

The action plan should set out a **clear timeline and concrete measures** to effectively ensure the right to collective bargaining to promote and progressively increase the coverage of such collective bargaining to **at least 80% of the workers**. The action plan should be updated at least every two years, after consulting social partners, in agreement with social partners. The Commission should monitor progress and report annually to the European Parliament and the Council in this respect.

Adequacy and fairness of statutory minimum wages

Member States should ensure that statutory minimum wages are adequate and fair and guarantee a decent standard of living. Member States in which statutory minimum wages do not result from collective bargaining should put in place measures to ensure that the setting and updating of such wages contribute to **combating poverty, in particular in-work poverty**, to promoting social cohesion and to reducing wage inequalities.

National criteria

The setting and updating of wages should be based on criteria to ensure adequacy and fairness with the aim of **creating decent working and living conditions, eliminating the gender pay gap and ensuring upward convergence**, taking into account the situation of the labour market concerned.

National criteria should include: (i) the purchasing power of statutory minimum wages, taking into account the cost of living, based on a national basket of goods and services at real prices, including VAT, social security contributions and public services; (ii) the poverty rate, in particular the rate of in-work poverty.

Member States should **assess** and report on the adequacy of statutory minimum wages. Statutory minimum wages should be **updated** in a transparent way, at least once a year.

Members opposed the possibility for Member States to allow different statutory minimum wage rates for specific groups of workers or to allow statutory deductions that reduce workers' pay below the statutory minimum wage.

Monitoring compliance with the Directive

Member States that apply statutory minimum wages should increase the intensity and frequency of on-the-spot checks and inspections and ensure that sufficient resources are available to ensure that such checks and inspections are effective, dissuasive, proportionate and non-discriminatory. Members called for information to be provided in formats accessible to all, in particular to persons with disabilities, and for workers and employers to have access to mediation or dispute settlement.