

Adequate minimum wages in the European Union

2020/0310(COD) - 25/10/2022 - Final act

PURPOSE: to improve living and working conditions in the EU, in particular the adequacy of minimum wages for workers in order to contribute to upward social convergence and reduce wage inequality.

LEGISLATIVE ACT: Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union.

CONTENT: this Directive establishes a framework for:

- adequacy of statutory minimum wages with the aim of achieving decent living and working conditions;
- promoting collective bargaining on wage-setting;
- enhancing effective access of workers to rights to minimum wage protection where provided for in national law and/or collective agreements.

The Directive will be without prejudice to:

- the full respect for the autonomy of the social partners, as well as their right to negotiate and conclude collective agreements;
- the competence of Member States in setting the level of minimum wages, as well as to the choice of the Member States to set statutory minimum wages, to promote access to minimum wage protection provided for in collective agreements, or both.

Procedure for setting adequate statutory minimum wages

Member States with statutory minimum wages will establish the **necessary procedures for the setting and updating of statutory minimum wages**. Such setting and updating will be guided by criteria set to contribute to their adequacy, with the aim of: (i) achieving a decent standard of living, (ii) reducing in-work poverty, as well as (iii) promoting social cohesion and upward social convergence, and (iv) reducing the gender pay gap.

Updates of statutory minimum wages will take place at least every two years (or at the latest every four years for those countries which use an automatic indexation mechanism).

To guide their assessment of the adequacy of statutory minimum wages, Member States may use **indicative reference values commonly used at international level**, such as 60% of gross median wage and 50 % of the gross average wage, and/or indicative reference values used at national level.

Promotion of collective bargaining for wage-setting

Member States, with the participation of the social partners and in accordance with national law and practice, will:

- promote the capacity of the social partners to engage in collective bargaining for wage-setting;

- take measures, where appropriate, to protect the exercise of the right to collective bargaining and to protect workers and trade union representatives against acts of discrimination in employment on the grounds that they are participating or wish to participate in collective bargaining for wage fixing.

Where collective bargaining coverage is **below a threshold of 80%**, Member States will establish an **action plan** to promote collective bargaining. The action plan should set out a clear timetable and specific measures for progressively increasing collective bargaining coverage.

Member States will take the necessary measures to ensure that the social partners are involved in setting and updating statutory minimum wages.

Effective access of workers to statutory minimum wages

The Directive provides that Member States will take the following measures to enhance the effective access of workers to statutory minimum wage protection. These measures include:

- controls by labour inspectorates;
- easily accessible information on minimum wage protection and;
- developing the capability of enforcement authorities to prosecute non-compliant employers.

Right to redress and protection against adverse treatment or consequences

Workers and workers' representatives, including those who are trade union members or representatives, will be in a position to exercise their right of defence when their rights relating to minimum wage protection are provided for in national law or collective agreements and have been violated.

Member States will take the necessary measures to ensure that workers have access to effective, timely and impartial **dispute resolution** and a right to redress, as well as **effective judicial and/or administrative protection** from any form of detriment, if they decide to exercise their right of defence.

This Directive will not constitute valid grounds for reducing the general level of protection already provided to workers within Member States, in particular with regard to the lowering or abolition of minimum wages.

ENTRY INTO FORCE: 14.11.2022.

TRANSPOSITION: no later than 15.11.2024.