

14th ANNUAL ETUI-TURI CONFERENCE

21-23 September 2022, Vilnius

**National Implications of the Minimum Wage
Directive**

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▶ 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”



The European Minimum Wage Directive: What's new...

etui.

New view of wages and CB in EMWD:

Social goals...

- allow for a decent living
- reduce in-work poverty
- reduce inequality

Economic goals...

- provide for fair competition
- allow for more stable and inclusive economic development

Political goals...

- stabilize society in particular in times of crisis
- strengthen support for European integration project



The way to the European Minimum Wage Directive



July 2019	The newly elected President of the EU- Commission von der Leyen announces a legal initiative within 100 days
January-May 2020	1 st Phase of Consultation of Social Partner
June-September 2020	2 nd Phase of Consultation of Social Partner
Oktober 2020	EU Commission presented Draft Directive
December 2021	Council and Parliament adopted their positions on the draft Directive
January-June 2022	Negotiation in the Trilogue
June 2022	Final compromise in the Trilogue Adoption by the EPSCO Council
September 2022	Final adoption by the plenary of the Parliament
4 October 2022	Final adoption by the Council



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





Principal objectives of Minimum Wage Directive



What the Directive does not intend to do...

- Harmonising **MW levels** across the EU
- Harmonising **MW systems**



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



▶ Setting out procedures to achieve objective of adequate MW



Criteria to be taken into account when setting or updating minimum wages:

- (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



Criteria to guide the assessment of adequacy:

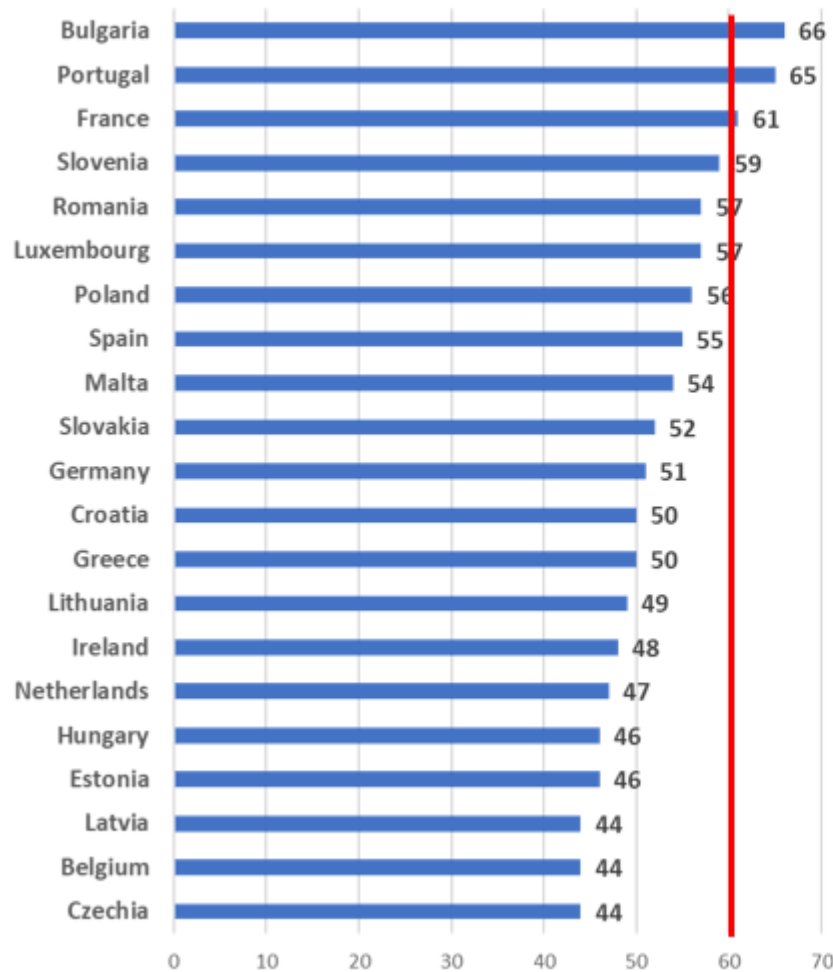
indicative reference values commonly used at international level such as **60%** of the **gross median wage** and **50%** of the **gross average wage**

▶ Statutory MW in 2020 as % of ...

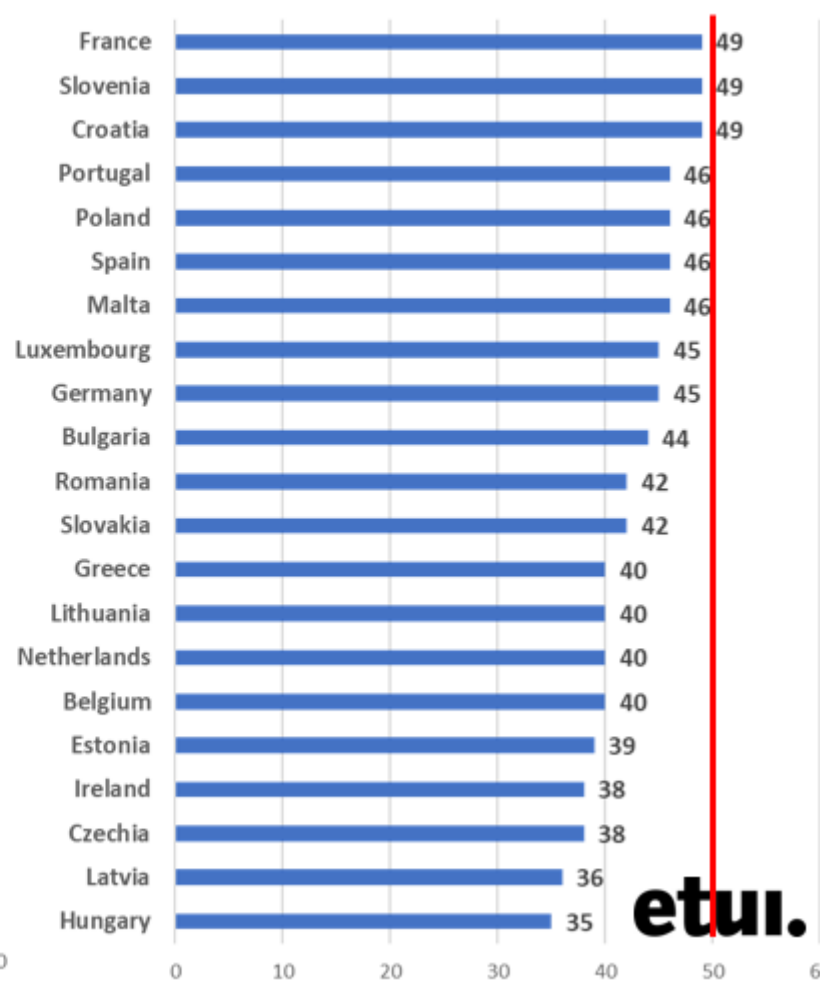
Adequacy:

Internationally recognized standards of **60% of the national median gross wage AND 50% of the national average wage**

... median wage



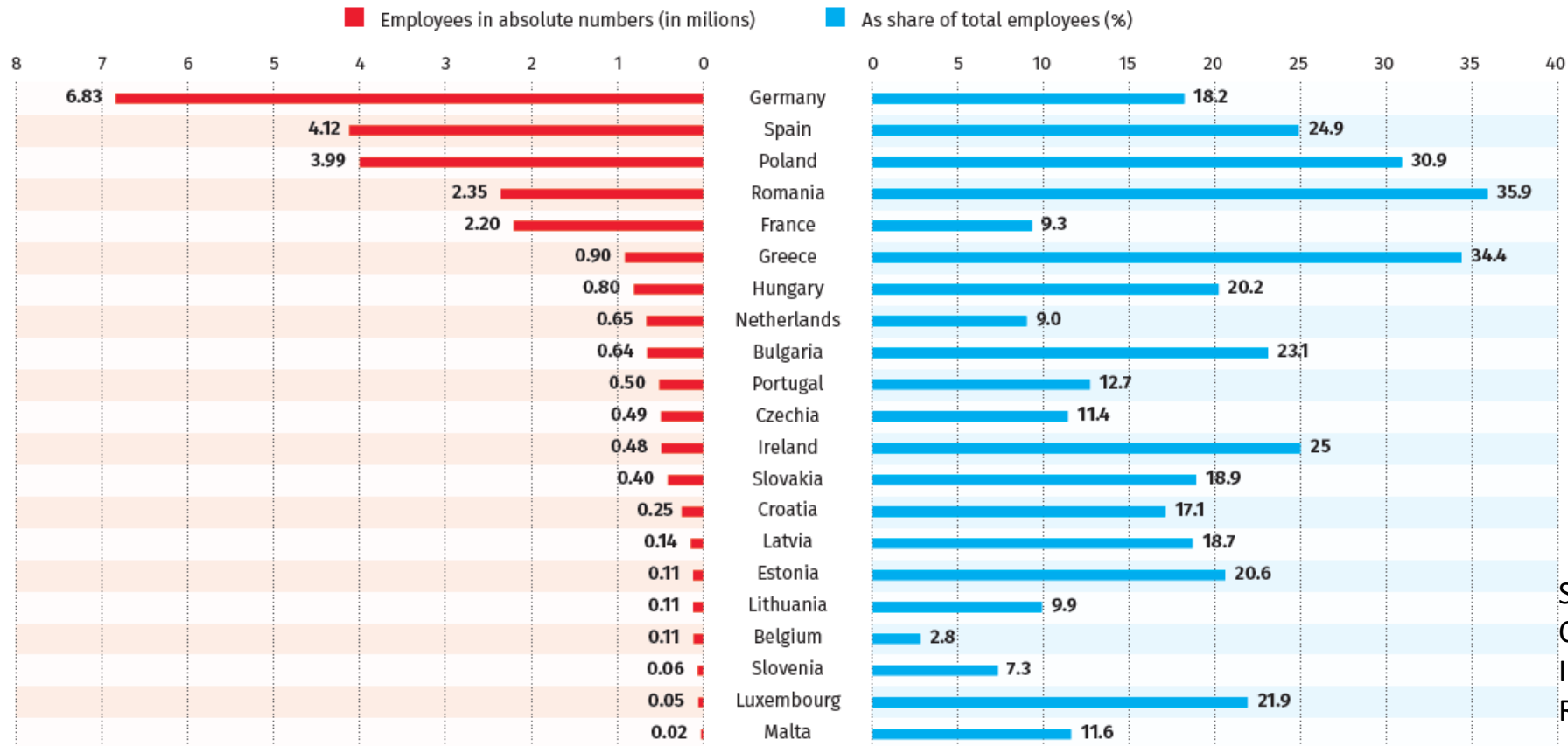
... average wage



More than 25 million employees will benefit from adequate minimum wages



Figure 3.10 Number of employees who would benefit from an increase in the statutory minimum wage to 60% of the median and 50% of the average wage (highest value in each case; in millions and %)

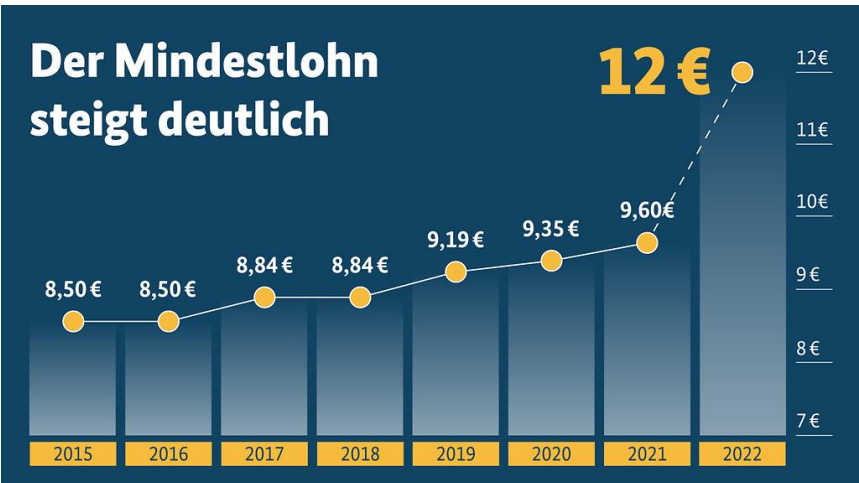


Source: European Commission 2020: Impact Assessment Report

▶ Impact on statutory minimum wages



Germany: increase to €12 = 60% of median



Ireland: plans to increase MW to 60% of median

Politics

Minimum wage to be phased out by 2026 for new living wage

Living wage will be 60% of median wage in any given year, under proposals



Source: Irish Times, 14 June 2022

Austria: Unions demand €2000 per month = more than 60% of median



Löhne und Inflation

ÖGB fordert 2000 Euro Mindestlohn



ÖGB-Chief Wolfgang Katzian. APA/EVA MANHART

Belgium: calls for MW increase to €12 to reach 60% of median

The Brussels Times

Belgian minimum wage does not meet new European standards

Friday, 10 June 2022
By Dylan Carter

Netherlands: FNV pushes for MW increase to meet European criteria

NL#TIMES

Trade union pleased with EU deal on minimum wage; Pushes for €14 p/h

▶ 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**. (...).”

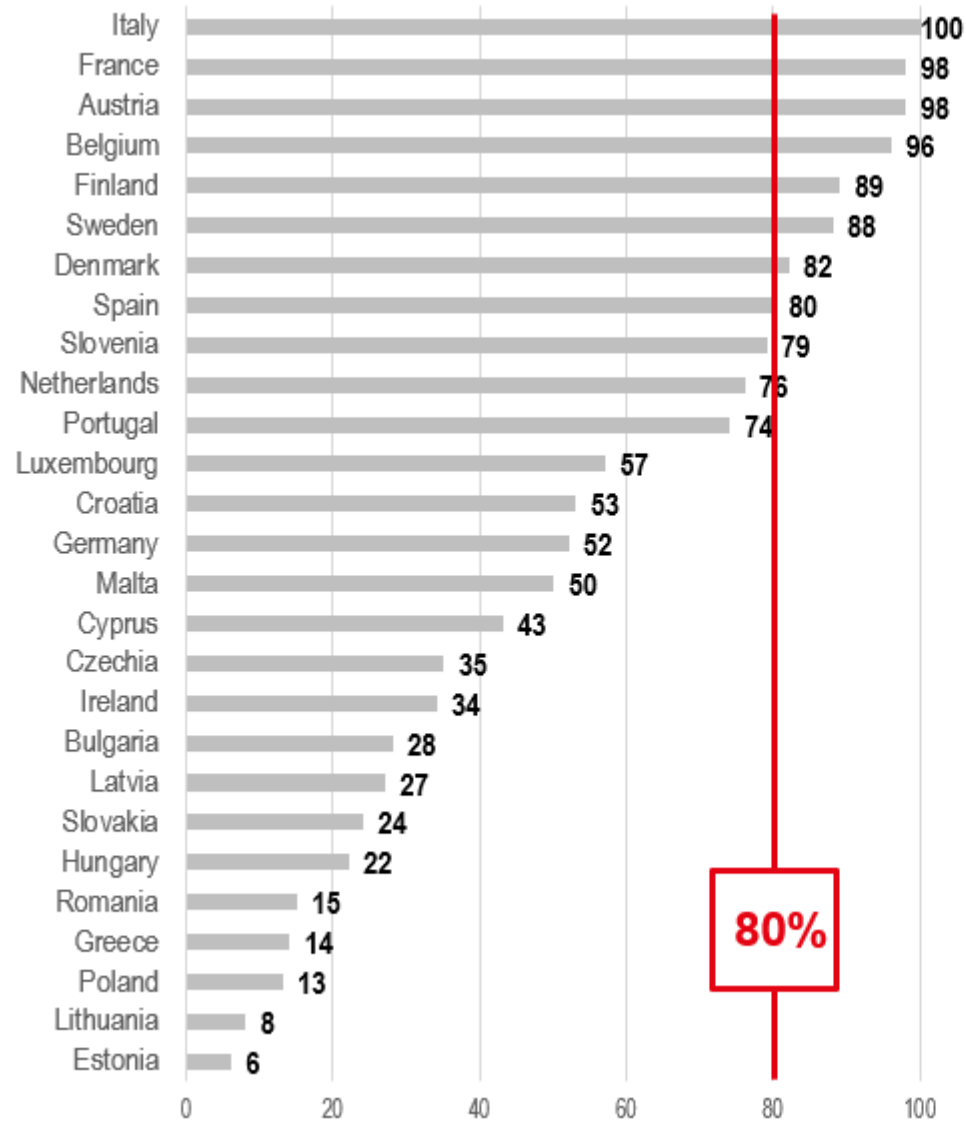


The **action plan** shall

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



Collective Bargaining Coverage



8 EU Member States
with a
Collective Bargaining Coverage > 80%

19 EU Member States
with a
Collective Bargaining Coverage < 80%

80%

Quelle: OECD

Significance of European MW Directive



. The Directive:

- ... is currently the **most important initiative** to strengthen workers' power and to promote a more social Europe
- ... represents a **paradigm shift** in the view on minimum wages and collective bargaining
- ... contains mainly **procedural rules** but also some **none-binding quantitative targets** on adequate minimum wage levels and bargaining coverage which are already used in many EU member states
- ... creates a **reference for struggles at national level** and **supports** those who are in favor of higher minimum wages and stronger collective bargaining

▶ Thank you very much for your attention!



Social Europe

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Minimum-wages directive—history in the making

TORSTEN MÜLLER and THORSTEN SCHULTEN 1st July 2022

The Council of the EU has approved a directive fundamentally strengthening collective bargaining and trade union power.



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A bigger slice of the pizza—women would be disproportionate beneficiaries of minimum-wage uplifts (Paul Vasarhelyi / shutterstock.com)

Link: <https://socialeurope.eu/minimum-wages-directive-history-in-the-making>: