

Second stage consultation of the European social partners on a possible action on fair minimum wage

IndustriAll Europe draft resolution

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1. On 3 June, the European Commission launched the second stage consultation of the European social partners on a possible action addressing the challenges related to fair minimum wages. In this document, the Commission paints a correct picture of the situation pointing out at the **importance of fair minimum wage in tackling in-work poverty, inequalities** and, in particular **gender inequalities** as well as **supporting upward convergence and boosting internal demand**. IndustriAll Europe shares the Commission view that ensuring that everyone in Europe gets a decent standard of living is essential to deal with the social and economic consequences of the covid-19 crisis and to sustain a swift recovery. An initiative on fair wages is needed more than ever before.
2. The document which takes on board a number of the recommendations made by the ETUC in the first phase consultation is a **step in the right direction**. However, it still **does not really clarify how the Commission intends to reach the identified objectives**.

Collective Bargaining as the main instrument to support wage development in Europe

3. The Commission recognises the effective role played by collective bargaining in establishing wages including minimum wages and the need to include in the EU initiative measures to promote collective bargaining as a way to set wages. It also refers to public procurement and the role it can play in supporting collective bargaining as well as to the need for effective compliance with national minimum wage frameworks and monitoring mechanisms. These are positive developments, but the policy options are not sufficiently defined. The EU initiative should clearly **aim at removing obstacles to Collective Bargaining, facilitating trade unions' access to workplaces and empowering them to bargain freely as well as combating all forms of trade union busting**. On the role of public procurement, a mapping of the way in which this clause is implemented at national level is not sufficient. Instead, **a revision of the public procurement Directive is necessary** to ensure that only companies which respect collective bargaining rights can be awarded public contracts. The EU initiative should also ensure **proper implementation of the ILO Conventions and the European Social Charter and the European Convention on Human Rights (ECHR)**. In this sense, **all Member States should commit to develop an action plan and to take positive actions to improve the level of collective bargaining coverage in consultation with the social partners where this is necessary**. Furthermore, there is no reference to sector bargaining. The **power of sector collective bargaining to support up-ward convergence, ensure inclusive labour markets and a more equal income distribution** should be recognised. In this context, the extension of collective bargaining coverage either by legal mechanism or as a result of the powers invested in the social partners should be mentioned. The priority must be to build, rebuild and/or strengthen

sector bargaining structures, in particular, where they have been dismantled as a result of EU institutions and national governments' attacks.

Adequacy of statutory minimum wages

4. Clear and stable criteria which **guarantee at least a decent standard of living** must be put forward to ensure the adequacy of minimum wage. In this sense, **the reference to the living wage (a baskets of goods to ensure a decent standard of living) is positive**. The dual threshold of at least 60% of the national median wage and at least 50% of the national average wage. must be considered as a reference base for a statutory minimum wage, but **this cannot be considered as an objective in itself**. Social partners must be closely involved in the setting of statutory minimum wage. Moreover, they can set themselves more ambitious criteria and thresholds if they deem it necessary.

Building in effective firewalls

5. IndustriAll Europe welcomes the **confirmation that wages will remain a national competence in line with national traditions**. The Commission consultation document clarifies that any possible EU initiative would neither seek to harmonise the level of minimum wages across the EU nor establish a uniform mechanism for setting minimum wages. It states also that it should respect national traditions, social partners' autonomy and the freedom of collective bargaining. In particular, EU action would not seek the introduction of a statutory minimum wage in all Member States. Minimum wages must continue to be set through either collective agreements or legislative provisions, according to the traditions and specificities of each country and in full respect of national competencies and social partners' contractual freedom. In this sense, the Commission proposal which states that in "Member States without statutory minimum wages" the objectives could "*be achieved for example if all workers potentially can be covered by a collective agreement and/or indirectly benefit from the pay levels established by collective agreements*" is a stepping stone. **These are important clarifications, but they still need to be further developed. Clearer and robust firewalls will have to be included in the EU instrument to ensure that existing systems without Statutory Minimum Wage and where minimum wages are defined only by social partners will not be affected by any legal European initiative.**
6. Together with the ETUC, industriAll Europe calls on the EU Commission to ensure that "*Member States that protect minimum wage floors through collective agreements should be protected to continue to do so. In addition, "A clear distinction must be set between statutory minimum wages and minimum wages established through collective agreements. Collective bargaining in Member States must be promoted and strengthened, also through EU initiatives, however it must not become subject to EU conditions, rules or interpretations that would undermine trade unions' and workers' rights, including the rights to bargain collectively, to organise and of association. "* It is very important that minimum wage floors set through Collective Bargaining is not subject to the Court of Justice of the EU rules and interpretation.

7. **IndustriAll Europe is aligned with the ETUC to reaffirm that, “it will oppose any initiative which would damage well-functioning wage-setting and collective bargaining systems.”**

Conclusions

8. Over the last 20 years, the connection between work and decent life has grown increasingly tenuous. Furthermore, the East West pay gap has continued to be persistent. This situation is threatening our social model and the foundations of Europe. **An EU initiative ensuring fair minimum wage would be a steppingstone to reverse this trend.** While guaranteeing that it will bring changes to those who need it, such initiative must protect well-functioning industrial relations systems.