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Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Directive	2020/0310(COD) Awaiting Parliament's position in 1st reading
Adequate minimum wages in the European Union	
Subject 4.10.05 Social inclusion, poverty, minimum income 4.15.04 Workforce, occupational mobility, job conversion, working conditions 4.15.08 Work, employment, wages and salaries: equal opportunities women and men, and for all 4.15.12 Workers protection and rights, labour law 4.15.14 Social dialogue, social partners	
Legislative priorities <a href="#">Joint Declaration 2021</a>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 <a href="#">Employment and Social Affairs</a>		09/02/2021
		 <a href="#">RADTKE Dennis</a>	09/02/2021
		 <a href="#">JONGERIUS Agnes</a>	
		Shadow rapporteur	
		 <a href="#">SEMEDO Monica</a>	
		 <a href="#">SATOURI Mounir</a>	
		 <a href="#">BILDE Dominique</a>	
		 <a href="#">ZALEWSKA Anna</a>	
		 <a href="#">DEMIREL Özlem</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
 <a href="#">Women's Rights and Gender Equality</a>			11/02/2021
	Committee for opinion on the legal basis	Rapporteur for opinion	Appointed
 <a href="#">Legal Affairs</a>			01/07/2021
		 <a href="#">DZHAMBAZKI Angel</a>	
Council of the European Union	Commission DG	Commissioner	
European Commission	<a href="#">Employment, Social Affairs and Inclusion</a>	SCHMIT Nicolas	

## Key events

11/11/2020	Committee referral announced in Parliament, 1st reading		
11/11/2021	Vote in committee, 1st reading		
11/11/2021	Committee decision to open interinstitutional negotiations with report adopted in committee		
18/11/2021	Committee report tabled for plenary, 1st reading	<a href="#">A9-0325/2021</a>	Summary
22/11/2021	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
25/11/2021	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71 - vote)		

## Technical information

Procedure reference	2020/0310(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Rules of Procedure EP 40; Treaty on the Functioning of the EU TFEU 153-p1; Treaty on the Functioning of the EU TFEU 153-p2
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a> <a href="#">European Committee of the Regions</a>
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	EMPL/9/04532

## Documentation gateway

Legislative proposal		<a href="#">COM(2020)0682</a>	28/10/2020	EC	Summary
Document attached to the procedure		SEC(2020)0362	29/10/2020	EC	
Document attached to the procedure		SWD(2020)0245	29/10/2020	EC	
Document attached to the procedure		SWD(2020)0246	29/10/2020	EC	
Reasoned opinion	SE_PARLIAMENT	<a href="#">PE663.217</a>	21/01/2021	NP	
Reasoned opinion	MT_PARLIAMENT	<a href="#">PE663.386</a>	22/01/2021	NP	
Reasoned opinion	DK_PARLIAMENT	<a href="#">PE680.727</a>	01/02/2021	NP	
Committee of the Regions: opinion		CDR5859/2020	19/03/2021	CofR	
Committee draft report		<a href="#">PE689.873</a>	06/04/2021	EP	

Amendments tabled in committee		<a href="#">PE692.765</a>	18/05/2021	EP	
Committee opinion	FEMM	<a href="#">PE691.369</a>	11/10/2021	EP	
Specific opinion	JURI	<a href="#">PE699.235</a>	03/11/2021	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A9-0325/2021</a>	18/11/2021	EP	Summary

## Adequate minimum wages in the European Union

**PURPOSE:** to establish a framework to improve the adequacy of minimum wages and to increase the access of workers to minimum wage protection.

**PROPOSED ACT:** Directive of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** adequate minimum wages are a fundamental component of the European model of social market economy. When set at adequate levels, minimum wages protect the income of disadvantaged

workers, help ensure a decent living, and limit the fall in income during bad times. During economic recessions, such as the COVID-19 crisis, the role of minimum wages in protecting low-wage workers is essential to support a sustainable and inclusive economic recovery.

Principle 6 of the Pillar on Wages calls for adequate minimum wages as well as for transparent and predictable wage setting to be put in place, according to national practices and respecting the autonomy of the social partners.

Minimum wage protection can be provided by collective agreements (as is the case in six Member States) or by statutory minimum wages set by law (as is the case in 21 Member States).

However, many workers are currently not protected by adequate minimum wages in the EU. In the majority of Member States with national statutory minimum wages, minimum wages are too low vis-à-vis other wages or to provide a decent living, even if they have increased in recent years. National statutory minimum wages are lower than 60% of the gross median wage and/or 50% of the gross average wage in almost all Member States. In 2018, the statutory minimum wage did not provide sufficient income for a single minimum-wage earner to reach the at-risk-of-poverty threshold in nine Member States.

In this context, the proposed directive aims to ensure that EU workers are protected by adequate minimum wages allowing for a decent living wherever they work.

**IMPACT ASSESSMENT:** the quantitative analysis carried out on a scenario based on a hypothetical increase of minimum wages to 60% of the gross median wage shows that it would improve the adequacy of minimum wages in about half of the Member States. Between 10 and 20 million workers would benefit from these improvements. In several countries, improvements in minimum wage protection would result in a reduction of in-work poverty and wage inequality by over 10% and a reduction in the gender pay gap by about 5% or more.

**CONTENT:** the proposed directive establishes minimum requirements at EU level to ensure both that minimum wages are set at an adequate level and that workers can have access to the protection offered by minimum wages, either in the form of a statutory minimum wage or in the form of wages set by collective agreements.

The proposal respects Member States competence to set higher standards, without prejudice to the role that Member States may entrust to social partners, in accordance with national traditions and in full respect of social partners contractual freedom.

The proposed Directive:

- would apply to workers with an employment contract or employment relationship as defined by law, collective agreements or practice in each Member State, including workers in atypical forms of employment ;
- would oblige Member States to take measures to promote the capacity of the social partners to engage in collective bargaining on wages to encourage wage bargaining.

In the case of countries where there is a legal minimum wage, the proposal:

- requires Member States to provide for national criteria for setting and updating statutory minimum wages that are defined in a stable and clear manner, regular and timely updates and the establishment of consultative bodies;
- calls on the Member States, in consultation with the social partners to: (i) limit the use of variations in minimum wages and their application over time and their extent and (ii) provide for the protection of statutory minimum wages against unjustified or disproportionate deductions;
- requires effective and timely participation of the social partners in the setting and updating of statutory minimum wages, including through participation in consultative bodies;
- Requires Member States to take the necessary measures to ensure that workers have effective access to the protection offered by statutory minimum wages (e.g. strengthening the system of controls and field inspections, informing workers about applicable statutory minimum wages).

With a view to monitoring the implementation of this Directive, the Commission should report to the European Parliament and the Council its

## Adequate minimum wages in the European Union

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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.