



# Directive on adequate minimum wages

Member States fall in two different categories: **statutory minimum wage** (set by law) or **collective bargaining**.

**Member States with collective bargaining:** Austria, Italy, Sweden, Denmark, Cyprus, Finland, Belgium (mixed status)

**Member States with statutory minimum wages:** all the others

Article	Explanation and interpretation guidelines
1. Subject matter	'Improving living and working conditions in the Union, in particular the adequacy of minimum wages for workers' → The EU can only promote collective bargaining on wages. The EU cannot intervene on the level of pay or on the choice of system.
2. Scope	The Directive applies to workers. Member States have the freedom to use their definition of worker taking into account the three criteria set by the Case Law of the EU Court of Justice: remuneration, provision of labour and subordination.
4. Promotion of collective bargaining on wage-setting	Art. 4(1): Member States need to take measures to facilitate the exercise of the right to collectively bargain on wages and to increase the collective bargaining coverage Art. 4(2): Where collective bargaining coverage is below 80%, Member States have to take additional measures (framework of enabling conditions and action plan) → Member States have an obligation of effort, not of result.
5. Procedures for setting adequate statutory minimum wages	Member States have to establish the necessary procedures for the setting and updating of statutory minimum wages. Art 5.2 sets a number of elements to be included in the criteria: purchasing power, general level of wages, the growth rate of wages and the long-term

national productivity levels adequacy, fairness and decent standard of living.

Social partners should be involved in the definition of the criteria.

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

Updates of statutory minimum wages take place at least every two years or, for Member States which use an automatic indexation mechanism as referred to in paragraph 3, at least every four years.

Member States have to designate or establish consultative bodies (social partners may take part in this bodies → see article 7)

<p>6. Variations and deductions</p>	<p>The purpose of this article is to avoid widespread use of variations and deductions in order to ensure the adequacy of statutory minimum wages.</p> <p>No obligation for Member States to introduce variations or deductions.</p>
<p>7. Involvement of the social partners in the setting and updating of statutory minimum wages</p>	<p>The purpose of this article is to strengthen social partners' involvement in statutory minimum wage setting and updating in a timely and effective manner.</p> <p>Member States are required to ensure SPs' participation in consultative bodies, however article 7 provides for a wider role for the social partners. Recital 26 points to conditions for a meaningful engagement: relevant information provided to SPs and opportunity for SPs to</p>

provide opinions and receive reasoned responses.

There is no monitoring system for the involvement of social partners, it's up to social partners to signal any issues to the Commission.

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10. Monitoring and data collection

2. Member States shall report the following data and information to the Commission every second year, before 1 October of the reporting year:

(a) the rate and development of collective bargaining coverage;

(b) for statutory minimum wages:

(i) the level of the statutory minimum wage and the share of workers covered by it;

(ii) a description of the existing variations and deductions and the reasons for their introduction and the share of workers covered by variations, as far as data is available;

(c) for minimum wage protection provided for only in collective agreements:

(i) the lowest pay rates provided for in collective agreements covering low-wage earners or an estimate thereof, if accurate data is not available to the responsible national authorities, and the share of workers covered by them or an estimate thereof, if accurate data is not available to the responsible national authorities;

(ii) the level of wages paid to workers not covered by collective agreements and its relation to the level of wages paid to workers covered by collective agreements.

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**Questions for discussion:**

- 1) In countries with statutory minimum wages: are you involved in the negotiations? Is there a structure in place to discuss about wages?
- 2) Were you already contacted by your government for the transposition of the directive? What is your current role? Will you initiate some actions towards your government or in cooperation with other social partners?
- 3) Are you consulted by your government?
- 4) How is the minimum wage defined (the criteria for adequacy)?
- 5) Do derogations and variations (apprentices, etc...) exist?