



## Fair minimum wages: Commission launches second-stage consultation of social partners

Brussels, 3 June 2020

Today, the Commission launches the [second-stage consultation](#) of European trade unions and employers' organisations on how to ensure fair minimum wages for all workers in the European Union. This follows the first-stage consultation which was open from 14 January to 25 February 2020, to which the Commission received replies from 23 EU-wide social partners. Based on the replies received, the Commission concluded that there is a need for further EU action. Already a political priority for the **von der Leyen** Commission, recent events have further cemented demand for EU efforts to reduce rising wage inequalities and in-work poverty.

The EU has been particularly hit by the coronavirus pandemic, with negative effects on Member States' economies, businesses, and the income of workers and their families. Ensuring that all workers in the EU earn a decent living is essential for the recovery as well as for building fair and resilient economies, and minimum wages have an important role to play. Minimum wages are relevant both in countries relying solely on collectively agreed wage floors and in those with a statutory minimum wage.

Minimum wages that are appropriately negotiated with social partners, complied with and updated can:

- Provide vulnerable workers with a financial buffer in case of hard times
- Create greater incentives to work, thereby improving productivity
- Reduce wage inequalities in society
- Increase domestic demand, and the resilience of the economy
- Help close the gender pay gap

When set at adequate levels and taking into account economic conditions, they support vulnerable workers and help to preserve both employment and the competitiveness of firms.

The Commission does not aim to set a uniform European minimum wage, nor to harmonise minimum wage setting systems. Any possible measure would be applied differently depending on the minimum wage setting systems and traditions of the Member State, in full respect of national competencies and social partners' contractual freedom.

The second-stage consultation document sets out possible avenues for EU action to ensure that minimum wages are set at adequate levels and protect all workers. Collective bargaining has a critical role to play, as underlined by social partners' replies to the first-stage consultation. Therefore, the EU initiative would aim to ensure that:

- Well-functioning **collective bargaining** in wage-setting is in place;
- National frameworks allow for statutory minimum wages to be set and regularly updated according to **clear and stable criteria**;
- **Social partners** are effectively involved in statutory minimum wage setting to support minimum wage adequacy;
- Minimum wage variations and **exemptions are eliminated or limited**;
- National minimum wage frameworks are **effectively complied with** and monitoring mechanisms are in place.

Social partners are invited to respond to the questions in the consultation by 4 September 2020. This includes what sort of instrument would be most appropriate. The Commission is considering both legislative and non-legislative instruments, i.e. a Directive in the area of working conditions, and a Council Recommendation.

In light of the current circumstances related to the coronavirus pandemic, and to grant social

partners sufficient time to submit their replies, this period is longer than in previous consultations.

The next step to this second stage consultation is either negotiations between social partners with a view to concluding an agreement under Article 155 of the Treaty on the Functioning of the EU (TFEU) or the presentation of a proposal by the European Commission.

### **Members of the College said:**

Valdis **Dombrovskis**, Executive Vice-President for An Economy that Works for People, said: *"As we work towards inclusive recovery from the coronavirus crisis, we want to make sure that all workers in the EU are protected by a fair minimum wage, allowing them to earn a decent living wherever they work. Social partners play a crucial part in negotiating wages nationally and locally, and should be involved in setting minimum wages both in countries relying solely on collectively agreed wage floors and in those with a statutory minimum wage."*

Nicolas **Schmit**, Commissioner for Jobs and Social Rights, said: *"One in six workers are classified as low-wage earners in the EU, and the majority of them are women. These workers kept our societies and economies alive when all else had to stop. But paradoxically, they will be hit the hardest by the crisis. Work towards an initiative on minimum wages in the EU is an essential element of our recovery strategy. Everyone deserves a decent standard of living."*

### **Background**

In her [Political Guidelines](#), President **von der Leyen** pledged to present a legal instrument to ensure that all workers in the Union are protected by a fair minimum wage, allowing for a decent living wherever they work.

As part of the Communication on a Strong Social Europe for Just Transitions, the Commission launched the [first-stage consultation of social partners](#) on how to ensure fair minimum wages for all workers on 14 January 2020. The first-stage consultation ended on 25 February and the Commission received 23 replies from European social partners representing trade unions and employers' organisations at EU level.

After considering the views expressed by the social partners in the first-stage consultation, the Commission has concluded that there is a need for EU action. Therefore, the Commission is now launching the second-stage consultation of the social partners, in accordance with Article 154(3) of the Treaty on the Functioning of the European Union (TFEU).

There will not be a one-size-fits-all minimum wage. Any potential proposal will reflect national traditions, whether collective agreements or legal provisions. Some countries already have excellent systems in place. The Commission wishes to ensure all systems are adequate, have sufficient coverage, include thorough consultation of social partners, and have an appropriate update mechanism in place.

This initiative would support the implementation of Principle 6 of the [European Pillar of Social Rights](#) on wages, which is a shared responsibility of Member States, social partners and EU institutions. The Commission launched a broad discussion on a future Action Plan to fully implement the European Pillar of Social Rights, to be presented in early 2021. The Commission invites all stakeholders to present their views by November 2020. A dedicated website called ["Have your say on reinforcing Social Europe"](#) has been created to collect feedback.

### **For More Information**

[Second-stage consultation of social partners on Fair Minimum Wages in the EU](#)

[First-stage consultation of social partners on Fair Minimum Wages in the EU](#)

[Communication: a Strong Social Europe for Just Transitions](#)

[Have your say on reinforcing Social Europe](#)

IP/20/979

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