



## Mutual Learning Programme

### Peer Review on “Minimum wages – extending coverage in an effective manner”

Limassol (Cyprus), 19-20 September 2019

#### SUMMARY TABLE OF PEER COUNTRY COMMENTS PAPERS

Situation in the peer country	Opportunities and challenges of the introduction/ implementation of a statutory minimum wage	Questions
<b>Belgium</b>		
<ul style="list-style-type: none"> <li>The minimum wage rate is comparatively high, at EUR 1 593 in 2019.</li> <li>Sectoral minimum wages, however, are still on average 20 % higher.</li> <li>Collective bargaining is autonomous, relying on the principles of subsidiarity and universality.</li> <li>Employment rates in Belgium are low and target groups are difficult to include in the labour market.</li> </ul>	<ul style="list-style-type: none"> <li>Despite political ambitions to steer the labour market, the autonomy of the social partners is by and large preserved.</li> <li>The Wage Norm did affect minimum wage rates, even if it defines an upper margin for wage growth. It was used to moderate wages after joining the eurozone and during the Great Recession.</li> <li>A single algorithmic determination of minimum wage rates seems unrealistic, but calculations contribute to the negotiation process.</li> <li>Collective bargaining is about decent wages for standard work, and therefore limits in-work poverty, but minimum wages are not an anti-poverty instrument in itself.</li> <li>It is important that minimum wages reflect to market conditions, but by valuing functions, not people, they avoid</li> </ul>	<ul style="list-style-type: none"> <li>As the tradition of negotiating wages is in place, why would negotiators be opposed to the legal extension of agreements?</li> <li>Are there any considerations of long-run macro-economic effects of increasing minimum wages in Cyprus?</li> <li>Would minimum wages affect trade and migration between Northern Cyprus and the Republic of Cyprus?</li> </ul>

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<ul style="list-style-type: none"> <li>• Yet despite a political debate, no fundamental changes to the wage setting mechanism are expected.</li> </ul>	<ul style="list-style-type: none"> <li>the exploitation of weaker bargaining power of target groups, distribute profits within sectors, and prevent growing inequalities.</li> <li>• Different minimum wage models can be set up: commitment, compliance, choice and compulsion. Negotiations lead to more flexible pay rates, while legal enforcement ensure effective coverage of the agreement.</li> <li>• The Belgium system carries some slack and complexity from the past. Social partners should be stimulated to revive the dynamism of collective bargaining, in order to avoid being overruled by other levels and political interference.</li> <li>• It would seem natural to extend the Cypriot system of collective bargaining in the direction of the Belgium model with legal extension of collective bargaining agreements and a residual national minimum wage.</li> </ul>	<ul style="list-style-type: none"> <li>• Are there issues with the enforcement of labour law legislation?</li> <li>• Would the social partners be willing to cooperate in establishing a national minimum wage?</li> </ul>
<b>Bulgaria</b>		
<ul style="list-style-type: none"> <li>• A national minimum wage was first introduced in Bulgaria in 1966. At present the regulatory basis for setting the minimum wage can be found in art. 244 of the Labour Code.</li> <li>• The national monthly and hourly rate of the minimum wage, which is applicable to the employed, regardless of the industry, age or occupation, is set with a government decree, following consultations with the social partners in the National Council for Tripartite Cooperation (NCTC).</li> </ul>	<ul style="list-style-type: none"> <li>• The determination of the minimum wage in Bulgaria raises many questions related to the procedures applied, but the main problem lies in the lack of a clear and transparent mechanism for setting the minimum wage rate.</li> <li>• Following a European Council Recommendation of July 2014, which stated that '[t]here are no clear guidelines for transparent minimum wage setting in Bulgaria', social dialogue was initiated on the establishment of a mechanism for transparent minimum wage setting in the country. This has still not produced the desired result due to the ongoing controversies regarding the introduction of the mechanism.</li> <li>• It is still unclear how exactly the principles, laid down in the European Pillar of Social Rights in 2018, in which Article 6 on wages stipulates that 'all wages shall be set in a transparent and predictable way according to national practices and respecting the autonomy of the social partners', will be</li> </ul>	<ul style="list-style-type: none"> <li>• What specific structures and mechanisms for setting and adjusting minimum wage does the host country plan to put in place in order to transpose the principles, laid down in Article 6 on wages of the European Pillar of Social Rights, which among others, stipulates that 'all wages shall be set in a transparent and predictable way according to national practices and respecting the autonomy of the social partners'?</li> <li>• Has the host country ever considered the introduction of a national minimum wage applicable</li> </ul>

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<ul style="list-style-type: none"> <li>• The mechanism presently used for setting the statutory minimum wage entails a monthlong public consultation of the proposed government decree package for the (usually annual) adjustment of the minimum wage rate via the Council of Ministers Public consultations portal (<a href="https://www.strategy.bg/">https://www.strategy.bg/</a>).</li> <li>• Steps were taken to bring the present mechanism for determining the minimum wage in Bulgaria in compliance with International Labour Organisation's Minimum Wage Fixing Convention (C131) with the ratification of the convention in January 2018.</li> <li>• During the past 20 years, the minimum wage in Bulgaria has usually been adjusted on an annual basis. The annual increase of the nominal rate of statutory minimum wage in Bulgaria was 11.4 % on average during the period 2000-2019. Nevertheless, it remains the lowest level of statutory minimum wage in the EU (EUR 286 monthly minimum wage for a full-time working employee).</li> </ul>	<p>transposed in the new mechanism for determining minimum wage in Bulgaria.</p> <ul style="list-style-type: none"> <li>• The 2018 ratification of the International Labour Organisation's Minimum Wage Fixing Convention (C131) was acknowledged by the European Commission as a good basis for setting an objective mechanism and has created expectations, that the Bulgarian Government will take the necessary steps in order to elaborate a wage setting mechanism in collaboration with the social partners that complies with the requirements of the convention.</li> <li>• A possible approach to an objective minimum wage setting mechanism might be based on the forecasted dynamics of the poverty line, average wage and consumer price index. Whether such a model is applicable to the Bulgarian or even the host country's case would depend on the respective economic and social developments and the effectiveness of the social dialogue.</li> </ul>	<p>to all workers regardless of their industry, age or occupation, at a rate below the current level (EUR 870 upon hiring and EUR 924 after six months, which applies to occupations that are not unionised), in order to avoid excluding persons with disabilities, refugee claimants and employed in the agriculture/animal husbandry sector from the national minimum wage system?</p> <ul style="list-style-type: none"> <li>• What would be the expected impact of the introduction of a national minimum wage on low-skilled workers? Is it considered to be statistically significant, so as to trigger a serious decrease in the employment rates for this group?</li> <li>• Under what circumstances would it be appropriate to relate the minimum wage to age, as is the practice in the UK? What would be the advantages and disadvantages of adopting such an approach in the case of Cyprus?</li> </ul>

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<b>Estonia</b>		
<ul style="list-style-type: none"> <li>• The government regulation of wages is minimal, mostly focusing on tackling discrimination of persons on grounds of sex/gender, nationality (ethnic origin), race or colour upon remuneration.</li> <li>• The social partners right to conclude collective agreements on wages is stipulated in Collective Agreements Act. Although the collective bargaining coverage is low at 18.6 %, 93 % of all active concluded agreements regulate wages. The Act allows to extend the collective agreements but only two sectoral agreements (health care and transportation) are in place.</li> <li>• Statutory national level minimum wage is agreed by the social partners and then enforced by governmental decree based on Employment Contract Act. It covers those employed persons with employment contract (95 % of workers).</li> <li>• As of January 2019, the national minimum wage is EUR 540 per month (EUR 3.21</li> </ul>	<ul style="list-style-type: none"> <li>• The regulation and agreements on minimum wage do not state the purpose of the statutory minimum wage. The clarity on its purpose would allow the social partners, government and other stakeholders to select a reasonable redistributive policy intervention and codetermine a reasonable minimum wage system.</li> <li>• <i>De jure</i> and <i>de facto</i> coverage of the national minimum income is crucial aspect of design, especially across different types of employment. During the recent decades, the non-standard and new forms of employment have been in discussion, and collective forms of co-determining working conditions including wages shall aspire neutrality.</li> <li>• Integrating minimum wage system with the tax benefit system increases both a) the minimum wage impact on income distribution because replacement income or allowances increase as a result of market income increase, and b) the social protection and general government budget income and expenditures. The tax-benefit policy making should consider to what extent the linkage determined by the legislation is purposeful or advisable.</li> <li>• Although the share of employees earning the minimum wage is small, there is also evidence, that minimum wage indeed influences income distribution. Increase in minimum wage will tackle in-work poverty but will put pressure on labour costs of low-skilled workers and thus could lead to unemployment. Thus, the co-determination should take into account labour productivity and other labour market contingencies.</li> </ul>	<ul style="list-style-type: none"> <li>• What is the outlook of the Cypriot industrial relations developments? How realistic is the scenario that collective bargaining coverage will increase, especially in the segments of labour market were the risk of low pay and in-work poverty is the highest? How realistic is that the national level wage bargaining will develop in Cyprus?</li> <li>• Why social partners do not conclude binding agreements on sectoral and national level? What could government do to empower or motivate social partners to conclude binding minimum wage agreement? Will the government intervene only to support and empower social partners in co-determining wages?</li> <li>• What is the coverage across different types of employment of the current and redesigned minimum wage system? What are the incentives from the system for taking up specific type of employment or mobility across the types of employment?</li> <li>• What are the reasons Cyprus considers wage setting as policy tool to alleviate poverty and reduce income distribution? Would</li> </ul>

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<p>per hour). The Estonian minimum wage is close to 40 % of the national average, a similar level to that of other EU countries that have a minimum wage.</p>		<p>not it better to reform the existing tax benefit system, including introducing new in-work benefits or tax-exemption/tax credit if required?</p> <ul style="list-style-type: none"> <li>• What is the Cypriot social partners and government openness and willingness to rapid policy making and experimenting to adjust possible wage setting interventions to their real impact on employment and economy? Could the better feedback loops be set up to monitored impact on employment and economy?</li> </ul>
<b>Germany</b>		
<ul style="list-style-type: none"> <li>• After an exceptionally long boom phase between 2009 and 2018, the German economy is currently experiencing a cooldown.</li> <li>• Employment has grown from 2009-2018 by nearly 4 million and is expected to grow by 476 000 persons in 2019.</li> <li>• In 2018, the unemployment rate in Germany reached a new low since re-unification between the East and the West in 1990, with just 5.2 %.</li> <li>• Due to declining importance of collective bargaining in many of the fast-growing service</li> </ul>	<ul style="list-style-type: none"> <li>• The new German minimum wage covers nearly all employees with few exceptions.</li> <li>• The training allowances of apprentices are negotiated by the social partners and not determined by the minimum wage to protect the dual system of vocational training and keep youth unemployment low.</li> <li>• The government set a single rate of the minimum wage mainly because this increases the transparency of the rate, supports the self-enforcement and facilitates the controls.</li> <li>• Every two years, the Minimum Wage Commission submits a proposed increase to the government, which can then implement it by statutory order but cannot alter the proposed amount.</li> <li>• The benchmark for any increase in the minimum wage is the average increase in collectively agreed rates of pay. As a result, the minimum wage has been virtually index-linked.</li> </ul>	<ul style="list-style-type: none"> <li>• Why should the starting national minimum wage be EUR 870? Is this wage rate sufficient to bring a single earner above the poverty threshold?</li> <li>• Can a minimum wage with a single rate for the whole country and all occupations strengthen the self-enforcement of the minimum wage and facilitate the controls by the labour inspectorate?</li> <li>• Are not multiple minimum wages feasible in Cyprus?</li> <li>• What should be the role of the social partners and the state in</li> </ul>

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<p>industries, the share of low-wage workers increased to a level far above the EU average.</p> <ul style="list-style-type: none"> <li>Particularly concerning is that low-wage jobs serve less as steppingstones to better-paid jobs than in the past.</li> </ul>	<ul style="list-style-type: none"> <li>The minimum wage did not have dis-employment effects. Research even indicates that surprisingly the employment growth in industries with above the average shares of low-wage earners was even higher than in the better wage industries.</li> <li>Recent research shows that the minimum wage led to significant – even double digit – wage increases in the two lowest deciles of the income distribution.</li> <li>There are still high compliance problems especially in micro-firms and the remuneration of temp agency workers and <i>mini-jobbers</i>.</li> <li>The number of inspections has declined by the third after the introduction of the minimum wage but are recently increasing.</li> </ul> <p>The minimum wage had a positive impact on collective bargaining and the negotiation of industry specific minimum wages.</p>	<p>deciding increases in the future national minimum wage?</p> <ul style="list-style-type: none"> <li>Should not there be a minimum wage commission set up, like in the UK or in Germany, which proposes increases of the minimum wage and also evaluates its impact?</li> </ul>
<b>Greece</b>		
<ul style="list-style-type: none"> <li>GDP declined by 26 % in 2008-2013, and grew by less than 4 % in 2013-2018. Total employment fell by 24 % in 2008-2013, but then recovered faster than the economy, rising by 9 % in 2013-2018. Real wages fell by 23 % in 2009-2018.</li> <li>Part-time work has grown. Most part-time is involuntary. The share of self-employment is the largest in the EU. Informality is extensive.</li> </ul>	<ul style="list-style-type: none"> <li>When the minimum wage is too high, some low-skill workers will be priced out of the (formal) labour market; when it is too low, it will be ineffective as a tool for making work pay and reducing in-work poverty. The meaning of "too high" and "too low" is the subject of debate, and is likely to depend on local conditions.</li> <li>A minimum wage may also prevent employers from exploiting the availability of social assistance or in-work benefits to pay lower wages.</li> <li>The reduction in turnover rates is a common channel of adjustment of employers facing an increase to the minimum wage.</li> </ul>	<ul style="list-style-type: none"> <li>What are the characteristics of those likely to be affected by a national minimum wage in Cyprus?</li> <li>What are the characteristics of the firms employing workers likely to be affected by a national minimum wage in Cyprus?</li> <li>How many self-employed workers in Cyprus can be classified as "dependent" or even "bogus"?</li> </ul>

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<ul style="list-style-type: none"> <li>• In 2012, the power to set the national minimum wage was transferred from the social partners to the government, while the national minimum wage was cut by 22 % (to EUR 586 per month), and a youth subminimum wage was introduced (at EUR 511 per month). Both rates remained frozen until 2019.</li> <li>• The youth subminimum wage helped stem job losses (in 2012-2013) and boost employment (in 2014-2018) for younger workers. However, overall, in spite of the drastic cut in the minimum wage (and the greater liberalization of the labour market), job creation in Greece was lower than in countries like Spain or Portugal.</li> <li>• In 2019, the national minimum wage was raised by 11 %, while the youth subminimum wage was abolished.</li> </ul>	<ul style="list-style-type: none"> <li>• Major uncertainty concerns the effects of a national minimum wage on informal work. The standard prediction is that informal employment will rise and wages will fall as the minimum wage hike displaces workers from the formal sector. However, there is evidence that wages in the informal sector may actually rise after a hike to the minimum wage (the “lighthouse effect”).</li> </ul> <p>There is a strong case for a youth subminimum wage, to facilitate the entry into the labour market of those lacking work experience. Other exemptions should generally be avoided.</p>	<ul style="list-style-type: none"> <li>• Does the large number of unemployment insurance benefit recipients in Cyprus suggest that low compliance is likely to be an issue with minimum wage policy?</li> </ul>
<b>Lithuania</b>		
<ul style="list-style-type: none"> <li>• The economic crisis hardly hit Lithuanian economy (in 2009, GDP fell by almost 15 %), however since 2010 the Lithuanian economy was</li> </ul>	<ul style="list-style-type: none"> <li>• Despite rather long history of minimum wage in Lithuania a number of minimum wage related issues are still under debate. One issue is related to tax wedge – tax rate on low-wage earners in Lithuania is still high. While debating minimum wage increase employers repeatedly suggest that</li> </ul>	<ul style="list-style-type: none"> <li>• Why EUR 870 and EUR 924 legally binding minimum wages were set and to whom particularly they</li> </ul>

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<p>growing quite rapidly, with annual growth averaging 3 %. In spite of strong economic growth in recent years, Lithuania's real GDP per capita is still well below the EU-28 average.</p> <ul style="list-style-type: none"> <li>• Similarly earnings in Lithuania are rather low – annual net earnings in 2018 in Lithuania were as much as three times lower comparing to the EU-28 and more than two times lower comparing to Cyprus. During recent decade minimum monthly wage in Lithuania more than doubled – from EUR 188 in 2007 to EUR 400 in 2018.</li> <li>• The minimum wage is set in Lithuania since the restoration of the independence in early 90s. Currently it is regulated by the Labour Code. According to the Code the minimum wage shall be approved by the Government upon recommendation of the Tripartite Council of the Republic of Lithuania. Minimum wage is linked to the average wage and account for 45-50 % of the latter.</li> <li>• According to Statistics Lithuania, in October 2018,</li> </ul>	<p>tax exempt amount of income should be increased to a level equal to that of the minimum wage.</p> <ul style="list-style-type: none"> <li>• Another debated issue is related to the differentiation of minimum wage by certain sectors, regions or age groups. According to employers, it is not appropriate to use a single model for setting minimum wage as situations and possibilities to pay it substantially differ in different municipalities or economic sectors of the country.</li> <li>• In order to avoid unfair payment of the minimum wage (when officially is paid a minimum and the rest of salary – in envelopes) since 1 July 2017 the minimum wage in Lithuania can be paid only for unskilled labour.</li> <li>• In addition to the Labour Code provision above, and in order to increase social protection of the low wage earners since 1 January 2018 a minimum social insurance contribution ("floor") is introduced in Lithuania, meaning that social insurance contributions in respect of part-time employees should be calculated and paid from the amount that could not be less than the minimum wage.</li> </ul>	<p>apply – which sectors, categories of employees, etc.?</p> <ul style="list-style-type: none"> <li>• Is there a tax exempt amount of income (share of salary that is not taxed) applied in Cyprus? If yes, please elaborate.</li> <li>• What is the tax wedge of the minimum monthly wage (EUR 455, 663, 870, 924)?</li> <li>• What is the minimum wage – average wage ratio in Cyprus and is this ration taken into account when considering possible level of minimum wage?</li> </ul>



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<p>about 2.5 % of full-time employees received minimum monthly wage (EUR 400) or less. According to current legislation (valid since 1 July 2017) minimum wage might be paid only for unskilled labour.</p>		
Netherlands		
<ul style="list-style-type: none"> <li>• The minimum wage is not defined on an hourly basis, but there is an on-going political debate aimed at changing this.</li> <li>• There is a unique long tail of much lower minimum wages for youth under the age of 23 (recently), that plausibly gives rise to important arbitrage in the labour market between youth and adults.</li> <li>• Purchasing power of minimum wage has declined strongly since and is now at level of 1973. It is the result of the secular moderation of collectively bargained wages which steer the uprating of the minimum wage. Also government's policies often freeze its level because of the importance for public expenditure, as the minimum wage has been coupled to the minimum level and uprating of social benefits which is the</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting the national uniformity of the minimum wage because its hourly level varies with the applicable collective labour agreement.</li> <li>• Repairing the level of the minimum wage in terms of purchasing power to improve its role as a guarantor in minimum income.</li> <li>• Augmenting the level relative to actual earnings as the Kaitz index has fallen from 64 to 44, aimed at improving its role as a support for fair pay.</li> <li>• Reconsidering its role in the light of current more-earner society which signifies that low pay and the minimum wage is spread over the entire household income distribution, which blunts the redistributive role of the minimum wage and increases deadweight costs of offering minimum income protection.</li> </ul>	<ul style="list-style-type: none"> <li>• What are the precise intentions of Cypriot government for introducing a minimum wage? What set-up is considered or proposed?</li> <li>• Please clarify what the 'legally binding minimum wages' are. How have their levels and their coverage of the population evolved?</li> <li>• Please elaborate the relationship of minimum wage with existing social benefits and the GMI. How GMI is functioning (the evolution of numbers and levels)?</li> <li>• In the perspective of fair pay it is difficult to understand, especially in the case of a small country such as Cyprus, why a job in agriculture should be paid so much less at a minimum (EUR 455) than assistant waiters (EUR 663). Is that disparity an important reason for pondering</li> </ul>

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<p>hallmark of the Dutch welfare state.</p> <ul style="list-style-type: none"> <li>The employment incidence of the minimum wage has declined significantly and also shifted towards part-time and temporary jobs.</li> </ul>		<p>the introduction of a national minimum wage?</p>
<b>Portugal</b>		
<ul style="list-style-type: none"> <li>The statutory minimum wage was one of the emblematic acts of the Portuguese revolution 1974-1975 and was enshrined in the Constitution (1976). At the time of its creation, the minimum wage benefitted a large share of the workforce and was close to the average wage.</li> <li>Rural and domestic workers were initially excluded from the minimum wage, and in 1977-1978 specific lower minimum wages were created for these workers. Furthermore, small companies were exempted from the obligation to pay the minimum wage and young workers were not entitled to receive the full minimum wage.</li> <li>Over the decades, the special regulations for rural, domestic and young workers and for small companies were</li> </ul>	<ul style="list-style-type: none"> <li>The Portuguese statutory minimum wage (RMMG) is an effective instrument of wage regulation, covering more than 20 % of the workforce in the private sector and corresponding to more than 80 % of the median wage.</li> <li>The simplicity of the model (one general minimum wage for all workers) facilitates its enforcement.</li> <li>Trade unions and employers' associations have manifest interest in the existence of the RMMG (for different reasons) and engage in regular negotiations with the government about its yearly increase and in ongoing monitoring.</li> <li>The RMMG is a relevant factor in the fight against in-work poverty and excessive income inequalities.</li> <li>There is a general political and social consensus regarding the existence of the RMMG, but the scale of its annual increases is a regular subject of debates.</li> <li>The transferability of the Portuguese model is basically a political question, depending in the first place on the political will of the political decision makers and on the government's capacity to mobilize the support of trade union and employers' associations.</li> </ul>	<ul style="list-style-type: none"> <li>What is the relation between the Cypriot minimum wage and the effectively paid median and average wages in Cyprus?</li> <li>Are there elements in public and private research that provide elements for the answer regarding the scale of the general minimum wage in Cyprus that would (a) help to reduce in-work poverty and (b) simultaneously not have a negative effect on employment?</li> <li>What is the opinion of the employers' and trade union confederations?</li> <li>Is in-work poverty a serious problem in Cyprus, and is it considered as such?</li> </ul>

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<p>abolished. This gradual process was finalized in 2004-2005, when the government created one general minimum wage.</p> <ul style="list-style-type: none"><li>• The Labour Code does not allow reductions of the minimum wage, with the only exceptions of apprentices and trainees whose minimum wage may be temporarily (up to one year) reduced by 20% and workers with reduced work capacity (reduction according to the degree of incapacity).</li><li>• Since 2006, the increase of the statutory minimum wage is a central issue in the negotiations at the national tripartite body (CPCS). On this ground, increases far above the average evolution of wages were agreed upon for the periods 2007-2011 and 2016-2018, and a mechanism of continuous monitoring of the impact of the minimum wage has been created.</li><li>• During the 45 years of the existence of the minimum wage, governments had varying attitudes towards the size of the annual increases of the RMMG, but none of them opposed the creation of one unitary minimum wage for all</li></ul>		

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<p>workers. There is a broad consensus on the need for a general statutory minimum wage, both amongst political parties as well as between social partners. Meanwhile, employers' support is not unconditional, and the increase of the minimum wage has become a kind of 'bargaining chip' in the overall tripartite negotiations (Campos Lima / Naumann 2011: 157f).</p>		
<b>Spain</b>		
<ul style="list-style-type: none"> <li>• The crisis affected Spain already in 2008, with particular effects over the young population and long-term unemployment. A consolidated recovery started in 2014.</li> <li>• The country has a single statutory national minimum wage, established by legal regulation. It is nation and sector wide and covers the entire workforce.</li> <li>• It is set by the Government each December for the coming year, usually after consultation with trade unions and employers associations. Its update considers mainly the consumer price index.</li> </ul>	<ul style="list-style-type: none"> <li>• After freezing the minimum wage because of the crisis, its amount has been notably increased since 2017. A 22.3 % increase in the wage for 2019 was approved in 2018, up to EUR 900 per month. The main objective of this hike is to reduce inequalities and to improve the wages of those employees who needed it most.</li> <li>• Some analyses have emphasized the possibility of job losses emerging, the increase in temporary hiring, the reduction of the duration of the average working day and the slow-down in the growth of full-time employment.</li> <li>• Research estimates that between 5 % and 10 % of employees are directly affected by such rise. However, an empirical assessment is required to evaluate the effects.</li> <li>• It is expected that the objective of reduction wage inequalities has been fulfilled to some extent with the increase in the statutory minimum wage, as it improves the wages of those employees who need it most. Also, spill-over effects are expected.</li> </ul>	<ul style="list-style-type: none"> <li>• What are the political goals of the establishment of a statutory minimum wage? Are there any plans to perform evaluations in view of those goals?</li> <li>• Which will be the role of the trade unions and employers' associations in fixing the minimum wage? There will be any connection with the collective bargaining system?</li> <li>• Is there any connection between the levels of the unemployment insurance benefit and the GMI with the minimum wage? How do you expect to make them coexist with the minimum wage in order to avoid disincentives to work?</li> </ul>

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<ul style="list-style-type: none"> <li>• The minimum wage is the basis for collective bargaining at the sectoral, regional, and company level, where wages are set above the level of the statutory regulation.</li> <li>• The social protection benefit system is coherent in Spain with the minimum wage system in terms of incentives for working, and so are the rest of the protection mechanisms for unemployed as well as the Guaranteed Minimum Income schemes.</li> </ul>	<ul style="list-style-type: none"> <li>• The main challenges of the increase in the minimum wage are the potential loss of low wage employment and the complex collective bargaining structure in Spain.</li> </ul>	<ul style="list-style-type: none"> <li>• Are there any group of people who would be mainly affected by an extension of the statutory minimum wage: women, young people, older workers, etc.?</li> <li>• Is there any specific plan and budget allocated to tackle undeclared work, informal employment and envelope wages, to avoid the extension of the minimum wage to be ineffective and to maximize the adherence?</li> </ul>