Many COVID-19 frontline workers earn the minimum wage.

“Minimum wages work – and it is time that work paid”.

Ursula von der Leyen, State of the Union address, 16 September 2020

**Why do we need adequate minimum wages?**

The proportion of people who work but still face poverty **increased from 8.3% in 2007 to 9.4% in 2018** of the total workforce in the EU.

Minimum wage workers find it difficult to make ends meet (%)

- **39** with some difficulty
- **20** with difficulty
- **11** with great difficulty
- **7** easily
- **2** very easily

Source: Eurofound calculations based on the EU-SILC 2018

The majority (nearly 60% EU-wide) of minimum wage earners are women.
What do we want to achieve?

The proposal for a Directive on Adequate Minimum Wages seeks to ensure that minimum wages are set at an adequate level, and workers can earn a decent living. Workers should have access to minimum wage protection, either in the form of a statutory minimum wage or of wages set by collective agreements.

This proposal fully respects national competences and social partners’ contractual freedom. It does not oblige Member States to set minimum wages by law. It does not set the level of minimum wages.

Principle 6 of the European Pillar of Social Rights, endorsed by all EU leaders

“Workers have the right to fair wages that provide for a decent standard of living. Adequate minimum wages shall be ensured... In-work poverty shall be prevented. Wages shall be set in a transparent and predictable way... according to national practices and respecting the autonomy of the social partners.”

Collective bargaining on wage setting should be encouraged in all Member States.

Benefits of adequate minimum wages

- Reducing in-work poverty
- Reducing wage inequality
- Reducing gender pay gap
- Protecting employers that pay decent wages to their workers
- Improving fairness of EU labour market
- Investing in people = boost to productivity
- Fair working conditions build resilient economies

Collective bargaining on wage setting should be encouraged in all Member States.
What is the Commission proposing?

*We want to ensure that workers are protected*

- Promotion of collective bargaining on wage setting
- Clear and stable criteria for setting and updating statutory minimum wages
- Strengthened involvement of social partners in statutory minimum wage setting
- Limited use of variations and deductions in statutory minimum wage setting
- Annual reporting by Member States to the Commission alongside structured dialogue

**21** Member States with national statutory minimum wages

**6** Member States where minimum wage protection is provided exclusively by collective agreements

**Suggested criteria for adequate minimum wages set by law for Member States to take into account**

- Purchasing power also taking into account taxes and social benefits
- General level of gross wages and their distribution
- Growth rate of gross wages
- Labour productivity developments