



D-1121-161-MM

HOTREC proposal of compromise amendments on a proposal for a Directive on Adequate Minimum Wages

HOTREC takes note of both the European Parliament report on “*Adequate minimum wages in the European Union*” ([A9-0325/2021](#)) approved in the November 2021 plenary session, as well as the [Council General Approach](#) on the same topic, formally approved by the EPSCO Council on 6 December 2021.

HOTREC fully supports the main objectives of the proposed Directive: **improving the adequacy of minimum wage across Europe and the access of workers to minimum wage protection in the EU.**

Overall, HOTREC defends the following main points as the best way forward:

- Encourage the continuation of well-established collective bargaining on minimum wage settings considering different economic and social factors such as taxation; career and training opportunities; social benefits
- Support a stronger involvement of social partners in setting statutory minimum wages (with the agreement of social partners and in respect of national competences)
- Support the respect for statutory minimum wage systems

Taking these points into account, HOTREC is willing to reach a balanced approach between both co-legislators during the trilogue negotiations.

Please see below the points HOTREC fully supports and those items that we would like to see suppressed from the agreement.

Article 1 – Subject Matter

Overall, HOTREC supports the following outcomes from the European Parliament side:

- Art 1 / 3: reference that the Directive is without prejudice to the right of social partners to negotiate, monitor and set wages through collective agreements
- Art 1/1/b: positive that a safeguard of national competences is respected, when referring to the statutory minimum wage, where it exists; access to collective bargaining on wage setting and universally applicable collective agreements where they exist

HOTREC also supports the Council approach, as it uses the word “**promoting**” statutory minimum

wages and “**promoting**” collective bargaining on wage setting.

Above all, HOTREC **cannot support** the European Parliament’s view of **covering “all” workers** in the subject of the Directive.

Justification:

- It is up to Member States, in the case of statutory systems, and social partners, where they are in charge of wage-setting, to decide who is covered by the collective agreement
- This would otherwise strongly weaken well-functioning social partner systems, by taking away this role of social partners
- National legislation should always be respected

Article 3 – Definitions

We welcome the Council position on art 3/3: collective bargaining means all negotiations which take place according to national law and practices in each Member State.

Justification: please see introductory remarks of this document

Article 4/1 – Promotion of collective bargaining on wage setting

HOTREC **fully supports the Council position** namely Art 4/1: Member States, in consultation with social partners and in accordance with national laws and practices shall promote collective bargaining on wage setting and encourage negotiations on wages among social partners

HOTREC cannot support the EP report, as the text calls on “ensuring the exercise to collective bargaining, the strengthening and extension of the coverage of collective bargaining as well as access of workers to minimum wage protection via collective agreements”.

Justification

- The willingness of social partners in participating to the negotiations on minimum wages should be **respected and encouraged**
- This should be done in agreement of social partners
- Legislation at national level needs to be respected

Article 4/2– Promotion of collective bargaining on wage setting

HOTREC **fully supports the Council position** regarding art 4/2 and respective recitals namely:

- Recognition of the autonomy of the social partners: both their right to collective bargaining and exclusion of any obligation to conclude collective agreements
- 70% of collective bargaining coverage is not considered as an objective, but only an indicative threshold
- Action Plan:

- Compulsory if Member States don't have 70% coverage collective bargaining
- Can take any form and it might have been adopted prior to the entry into force of the Directive
- Can be established by the social partners themselves (art 4/2 + 13)

HOTREC cannot support the position of the European Parliament, where a reference to 80% coverage of collective bargaining is proposed and where the action plan's main objective is to effectively ensure the right to collective bargaining.

Justification

- Art. 4/2 cannot interfere with national systems and social partners' autonomy, especially in systems where social partners are the only ones responsible for defining the coverage of their collective agreements. The advice of social partners is needed.
- In some countries it would not be possible to reach even a 70% target. It may only be possible by making collective agreements universally applicable, whereas this is a choice for the national level. If obliged to, this can weaken social partners role, as it basically means that the rules apply to all, even those that aren't members of a trade union or employer organisation.
- Deciding on such a threshold will create endless discussions whether a certain percentage is reached and at the end might destabilise well-functioning industrial relations systems.
- The freedom of association as enshrined in the ILO must be respected.
- Action plans and their content must be decided by social partners in Member States where social partners are responsible for deciding on the coverage of their collective agreements. Action plans should not be decided by Member States alone.
- Action plans should not be mandatory - **they need to be indicative** and in accordance with statutory systems and collective bargaining agreements

Nota bene: HOTREC also cannot support art 4/1/b/a new put forward by the European Parliament. This article gives rights to trade unions (e.g. prevents acts that undermined workers to join a trade union; ensures that trade unions have the right to access the workplace and workers, amongst others)

Justification:

- There is no reason to treat trade unions rights in a legal text - this brings legal uncertainty
- There is no respect for the diversity of national industrial relations systems nor the fact that representation is for national level to decide

Article 5 – Promotion of statutory minimum wages adequacy

HOTREC welcomes the Council General Approach for the following reasons:

- Despite the fact that the criteria is binding, the wording is quite broad and includes **productivity**
- International indicators are still mentioned in the recitals. But it is stated that the **indicators should be chosen by Member States** (among indicators commonly used at international level, and, as appropriate, indicators commonly used at national level)

HOTREC cannot support the European Parliament's criteria, as concepts are too generic (e.g. "threshold of decency"; "combating poverty").

Justification

- International indicators do not take into account the **political, economic or social context of the different countries or national traditions in place. They do not respect the principle of subsidiarity.**
- The EJC might rule on the topic;
- The indicators **are aimed at equality, not poverty reduction**. In fact, the 60% target is not enough to avoid poverty in low-wage countries. And in high-wage countries, on the other hand, the target is far too high and prevents the employment of young, unqualified workers, in particular. In the current labour market situation, this is harmful.
- In fact, these indicators **might increase the pay gap between countries**.
Some countries that have a minimum wage legislation in place, fulfil 60% of median wage criterion. Nevertheless, the amount of the hourly minimum wage is only a few euros, as the wage level in country is very low. At the same time, some other Member States imposing similar legislation would not fulfil the 60 % criterion although the amount of the hourly minimum wage is almost 10 euro. It might happen that the measures proposed by the draft Directive lead to an increase of salaries in the Member States where salaries are already quite high. But the measures might have a small effect in the Member States where salaries have lower minimum wages.¹
- **The criteria should be indicative** (which we don't consider respects existing statutory minimum wages)

Article 6 – Variations and deductions

HOTREC's preferred option

HOTREC supports the elimination of art. 6 – variations and deductions from the text, as proposed by the European Parliament.

¹ Please see HOTREC's [position paper](#) (page 6)

HOTREC's alternative option

Alternatively, HOTREC also supports the Council's approach, as it is mentioned that Member States allow for different rates of statutory minimum wages for specific groups of workers or for deductions, as long as the principles of **non-discrimination and proportionality** are taken into account.

Justification

- Competences of Member States are recognised
- The text cannot interfere directly with pay
- The principles of proportionality and non-discrimination are to be taken into account

Nota bene:

With the aim to prioritise, HOTREC expressed only its main concerns. In case of any doubt please contact Marta Machado (marta.machado@hotrec.eu), HOTREC's Deputy Director General.