

Brussels / March 14 2023

EN

TRADE UNION PRIORITIES FOLLOWING THE ADOPTION OF A NEW EU DIRECTIVE 2022/2041 ON ADEQUATE MINIMUM WAGES IN THE EU

POSITION OF THE PRESIDUM OF CESI

The European Confederation of Independent Trade Unions (CESI) is a confederation of more than 40 national and European trade union organisations from over 20 European countries, with a total of more than 5 million individual members. Founded in 1990, CESI advocates improved employment conditions for workers in Europe and a strong social dimension in the EU. CESI is a recognised European sectoral social partner and represents public and private sector workers.

CESI welcomes the new EU directive (EU) 2022/2041 of October 19 2022 on adequate minimum wages. The directive, as published in the Official Journal of the EU on October 25 2022, now needs to be transposed fully and timely by all Member States into their national laws.

Trade unions and social partners must play a key role to pressurise governments and monitor the transposition process and implementation of the directive and ensure that it will yield a level playing field for all unions.

The directive must be flanked in by ambitious minimum income schemes in the Member States, which are currently set below the national poverty thresholds in most Member States. EU should also continue to encourage Member States to help all persons who are able to work to integrate or re-integrate into the labour market to earn decent living wages beyond minimum income support.

Since the financial crisis of 2008-2009 and the following recession, European wages and social models based on collective bargaining and statutory minimum wages have been put under pressure. This has continued to be the case also during recent years.

Despite the generally positive development of employment rates in recent years, many workers in Europe still work in precarious conditions and still receive a low wage.

Given a heterogenous minimum wage landscape within the EU, there is moreover often is a considerable gap in remuneration for the same work performed in different Member States. While minimum wages range from more than 13€ per hour in Luxembourg to merely 2€ in Bulgaria¹, fragmentation across the Single Market is high. Fragmentation is further increased as some countries have been indexing minimum wages to inflation (e.g.

¹ https://www.wsi.de/fpdf/HBS-008280/p_wsi_report_71e_2022.pdf

Luxembourg) while others have not (e.g. Bulgaria). This heterogeneity is incompatible with an EU that strives for social cohesion (Article 3(3) TEU).

The continued pressure on wages and social models, the still widespread prevalence of low-paid precarious work, and the heterogeneity in which this is present in the different Member States have made a new EU directive on standards for minimum wages in the EU necessary.

Adequate minimum wages are an important instrument to support economic rebounds from downturns and serve as a safety net for workers to avoid in-work poverty. Moreover, in an economically and financially deeply integrated Single Market based on the freedom of movement of citizens and workers, achieving upward social convergence and relatively decent living standards across its territory are of utmost importance. Effective, encompassing and adequate minimum wage schemes can play an important role in providing decent living standards, social inclusion and cohesion across the Union and help prevent intra-EU migration based on socio-economic push and pull factors.

In this regard, CESI welcomes the new EU directive (EU) 2022/2041 of October 19 2022 on adequate minimum wages,² which establishes new binding measures for

- adequate statutory minimum wages with the aim of achieving decent living and working conditions
- the promotion of collective bargaining on wage-setting
- enhanced effective access of workers to rights to minimum wage.

CESI stresses in particular:

1. **The directive, as published in the Official Journal of the EU on October 25 2022, now needs to be transposed fully and timely by all Member States into their national laws.** Member States should strive to conclude the transposition process as soon as possible and ideally well before the deadline for this set by the directives, November 15 2024.
2. **In particular, trade unions and social partners play a key role to pressurise governments and monitor the transposition process and implementation of the directive and ensure that it will yield a level playing field for all unions.** CESI welcomes the central role that the new directive on adequate minimum wages endows social partners to raise wages through social dialogue and appreciates especially the requirement for Member States to draw up action plans to step up collective bargaining where collective agreement coverage is low. However, while provisions in the directive about the action plans and their strategies to arrive at a higher collective agreement coverage remain vague, a key role pertains to trade unions to ensure an inclusive, transparent and non-discriminatory transposition and implementation process that spans to all unions and social partners and ensures that all will face a level playing field under any action plans: Settings where single unions would just be mandated by policy makers to conclude agreements for workers in sectors that they do not even represent as members must be avoided.

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2041>

3. **The directive must be flanked in by ambitious minimum income schemes in the Member States**, which are currently set below the national poverty thresholds in most Member States and which must be indexed to inflation and increased in real terms to a level that prevents people from falling into poverty. In well-justified cases, it should be allowed to integrate minimum income schemes with other social benefits or income support. Schemes should be calibrated in way so that, on a net basis, a person/household living on full-time minimum wage equivalent (plus social benefits) has considerably more disposable income than a person/household living on minimum income (plus social benefits) – but that even the latter should never face the risk of falling into poverty. The recently adopted Council Recommendation of January 30 2023 on adequate minimum income ensuring active inclusion³ sets out useful approaches in this regard and should be implemented by all Member States without delay.
4. **The EU should continue to encourage Member States to help all persons who are able to work to integrate or re-integrate into the labour market to earn decent living wages beyond minimum income support.** In particular, performing active employment policies remain a vital tool for the protection of the most vulnerable and the preservation of social cohesion and welfare and can help labour markets build up resilience. Measures are needed that will increase employment opportunities and improve the matching between supply and demand of skills in the job market. Moreover, the financing of an adequate staffing level and sufficient resources for national public employment services should be ensured and the European Network of Public Employment Services (PES) be further developed. The engagement of and with trade unions in active labour market policies and their cooperation with PES should be stepped up. CESI's ACTIVER project can be a leading example on this. The existing EU Recommendation on the integration of the long-term unemployed into the labour market should be fully implemented and enforced,⁴ the Youth Guarantee and Youth Employment Initiative reinforced, and the European frameworks of quality and effective apprenticeships⁵ and traineeships be strengthened.⁶ The EU should further support the integration, training and employment of persons with disabilities and incoming refugees and migrants and continue to deploy policy measures for a further economic empowerment of women, which often remain disadvantaged in labour markets and employment.

³ <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32023H0203%2801%29>

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016H0220%2801%29&qid=1456753373365>

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016H0220%2801%29&qid=1456753373365>

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1411116781313&uri=CELEX:32014H0327%2801%29>