

THE EU MUST ADOPT A DIRECTIVE ON MINIMUM WAGES, GUARANTEEING DECENT PAY AND WORKING CONDITIONS FOR ALL!

Introduction

EAPN welcomes the resumption of **guaranteed decent pay and working conditions for all workers** as a political priority at EU level. This is reflected in the [priorities of the Portuguese EU Council Presidency](#), including **minimum wages** (section “Social Europe: Promote and strengthen the European Social Model”) and by the [proposal for an EU Directive on Adequate Minimum Wages in the European Union](#). Included in the top priorities for the new European Commission as set out in the [Political Guidelines for the next European Commission 2019-2024](#) of President Ursula von der Leyen (section “Europe’s Social Pillar”)¹ and listed in the [EC Work Programme 2020](#), the Directive proposal was issued on 28 October 2020. The EC proposal for a pay transparency directive, however, is [still outstanding](#). On 12 December 2020, the Council of the European Union adopted [Conclusions on “Improving the working and living conditions of seasonal and other mobile workers”](#). These initiatives need to be embedded in an **overarching framework made up by the Action Plan for the European Pillar of Social Rights (EPSR) and an integrated Anti-Poverty Strategy** to guarantee rights to decent wages and adequate income (minimum income and social protection) for all, with access to quality essential services for all, paying particular attention to the most at-risk groups.

In May 2020, EAPN issued a [Position Paper on Adequate Income](#), covering both minimum income and minimum wages. We reiterated our demands in view of EU-level action in the June 2020 [EAPN Response to the EC Consultation on an Action Plan for the Implementation of the EPSR](#). On 18 December 2020, EAPN [contributed](#) to the EC Open Consultation on the Legislative Proposal on Adequate Minimum Wages, and underpinned it with key [data](#). **With this Statement we summarise EAPN’s view on the main benefits of decent pay**

[1] “The dignity of work is sacred. Within the first 100 days of my mandate, I will propose a legal instrument to ensure that every worker in our Union has a fair minimum wage. This should allow for a decent living wherever they work. Minimum wages should be set according to national traditions, through collective agreements or legal provisions.” (p. 9)

conditions for everybody and formulate our main demands for the EU Directive on Adequate Minimum Wages in view of the forthcoming negotiations between the EU MS, in the EP, and with the EC and social partners. The economic and social impacts of the COVID-19 pandemic² make the **need for courageous and decisive action at EU level and for joint efforts of all relevant stakeholders within the MS** - governments, social partners and civil society - in the months ahead even more urgent than before!

Why decent minimum wages are needed and beneficial for all, also to prevent and reduce poverty?

Adequate minimum wages – or more generally living wages³ – are of great importance in improving the living and working conditions of people and in contributing to minimum labour standards below which no employment relationship should be considered socially acceptable. They are important tools to guarantee and realise social and labour rights. Decent minimum wages also help reduce the gender pay and pension gaps. They are crucial to tackle in-work poverty and precarious employment conditions; help fight unfair competition and prevent a race-to-the-bottom wage-setting in low-wage economic sectors and for vulnerable groups of workers.

They are essential to increase or stabilise “bottom line wages” in an economy, not least given persistently high numbers of working poor: 17.2 million persons or nearly 1 out of 10 workers (2019) in the EU27! Raising the lower-wage segment by moving towards poverty-proof minimum wages also broadens the tax base for governments to finance adequate social protection systems. Against the backdrop of the impacts of the COVID-19 pandemic, adequate (minimum) wages, quality jobs and decent employment and pay conditions for all workers are needed more than ever to support an inclusive and just recovery and upward convergence within countries and across the EU.

[2] EAPN Report “[Impact of COVID-19 on poverty and vulnerability](#)” (July 2020) and [EAPN Annual Policy Conference](#) (14 July 2020); EAPN Poverty Watch Report 2020 “[COVID19 Supercharging Poverty](#)” (January 2021)

[3] In Ireland and the UK, trade unions and NGOs refer to and advocate for “living wages” to curb extreme low wages and to secure adequate minimum wages, underpinned by related budgeting methods and standards. Evidence shows that for workers to have an acceptable standard of living decent wages through paid work, wages would need to surpass the often rather low limits set by national or collectively bargained minimum wage rates. The concept of “living wage” and the relationship between minimum wages and living wages is explained in Annex 3 of EAPN’s [Position Paper on Adequate Income](#).

Which points need to be reflected in the EU Directive on Adequate Minimum Wages?

- 1** Adequate minimum wages should be considered a **basic social right for all workers**.
- 2** They **should exist and be enforced in all sectors of the economy** (in line with Art. 8 and Art. 9).
- 3** Adequate minimum wages should be set in a non-discriminatory way and be **applied to all workers regardless of type of employment contract or relationship** (in line with Art. 2), **residency status, age, (dis)ability or ethnicity/nationality**, also to ensure equal pay for equal work.
- 4** **No variations for specific groups** (e.g. for long-term unemployed or persons with disabilities); **sub-minimum rates** (e.g. for young workers) **or deductions for costs** (e.g. for protective equipment) **should be applied**. Existing lower rates for young workers should be phased out and ultimately abolished (based on a binding time plan). **Art. 6** which only prescribes a non-discrimination and proportionality test, but still allows for variations and deductions thus **needs to be amended**.
- 5** **Whether minimum wage levels in a country can be considered adequate should be regularly monitored and assessed by EU policy monitoring processes**, including the European Semester. The **adequacy should be assessed by using specific baskets of goods and services** which also account for work-related expenditure (e.g. transport, clothing, food). This is not yet ensured by the Directive.
- 6** Adequate minimum wages should **guarantee a decent standard of living and ensure people's full participation in society in line with an active inclusion approach**. They should be living wages, ensuring the health and well-being of workers, as well as employment and job quality.

7 **Minimum wages should be poverty-proof.** They need to be **fair in relation to the overall wage structure of a national labour market.** Statutory minimum wages should never fall below 60% of the national median wage and 50% of the national average wage. In addition, their level needs to ensure adequacy to guarantee a decent standard of living and be systematically checked and updated.

8 The existence of and **full compliance with transparent mechanisms and participatory procedures** to set minimum wages is essential – consistently and meaningfully involving social partners. The same holds true for the **procedures and criteria to regularly guide updates of the nominal value of (statutory) minimum wages**, as mentioned in Art. 5, 4. If timely updates are not made, low-wage earners will suffer first and foremost, and in-work poverty and income inequality will increase.

9 A **positive hierarchy between adequate minimum income and decent minimum wages** needs to be established and maintained to preserve incentives to work for those who can, while guaranteeing a decent standard of living, free of poverty, by means of an adequate minimum income for everybody.

10 Member States with high collective bargaining coverage tend to have a lower share of working poor, lower wage inequality and higher minimum wages. **Collective bargaining across all sectors and for vulnerable workers, must be strengthened, with a framework which fully includes different categories of vulnerable workers.** Art. 4 must therefore be reinforced. Social dialogue structures and collective bargaining processes in the social services and low-wage economic sectors are often weak, ineffective, or even lacking. Social dialogue and collective agreements with high levels of coverage are an **essential pre-requisite for achieving fair, living wages and to establish a social standard floor.**