

# Adequate minimum wages

**The Directive on adequate minimum wages proposed by the European Commission on 28 October 2020 raises concerns for Ceemet - European Tech & Industry Employers with regard to the legal basis and its (unintentional) consequences.**

**Brussels, 16 November 2020** - a few days after the European Commission proposed the Directive, the European Council Legal Service started looking into the proposed legal basis. Ceemet would like to take this opportunity to underline that there is no legal basis for EU action and calls on the Member States to raise the yellow card procedure.

Ceemet undoubtedly agrees to the overall objective of the Directive according to which “*all employees are entitled to decent working and living conditions*”. However, as social partner, Ceemet recalls that the measures to achieve these conditions - in this case by wage setting and collective bargaining as proposed by the Commission - must be taken at the appropriate level, namely the national level.

## No legal basis for EU action

Indeed, collective bargaining and wages are at the heart of Member States’ and social partners’ competences. The European Treaties and the case law of the European Court of Justice (ECJ) for good reasons explicitly exclude these matters from the EU level. As a consequence, the Commission has no legal basis to introduce any EU action in this area.

Wage setting is explicitly exempted from the EU level and a mere national competence. In many countries it is even a core responsibility of mandated social partners at the appropriate level. Accordingly, any measures related to these topics should be taken at national level, in full respect of national regulations and practices. Any interference from the EU in these matters goes fully against the Treaties, which protect the national competences on pay and collective bargaining.

## Unintentional consequences of a Directive

Further, it is also to be noted that even though the Commission states that this Directive does not interfere with Member States’ and social partners’ autonomy, this will inevitably be the case.

For example, the new catalogue of criteria in the setting of statutory minimum wages would impact national legislation, but also the collective bargaining on sector level. Hence, the ECJ will acquire jurisdiction over national collective agreements and wage setting once the Directive has been transposed into national law. In addition, social partners in all Member States with a collective bargaining coverage of less than 70 percent would have to expect legislative initiatives and action plans by the legislator on issues which are within their own competences. The proposed Directive will thus weaken the role of social partners as well as well functioning collective bargaining systems.

Finally, proposing measures on adequate minimum wages in the midst of the COVID-19 pandemic, where companies are struggling to survive and maintain employment, is untimely to say the least.

Chetan Corten  
HEAD OF COMMUNICATIONS  
T +32 (0)2 706 84 72  
M +32(0)472 25 02 28  
E [chetan.corten@ceemet.org](mailto:chetan.corten@ceemet.org)

Bd A. Reyers Ln 80  
1030 Brussels – Belgium

 [www.ceemet.org](http://www.ceemet.org)

 [@ceemet](https://twitter.com/ceemet)

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## About Ceemet

Ceemet represents the metal, engineering and technology-based industry employers in Europe, covering sectors such as metal goods, mechanical engineering, electronics, ICT, vehicle and transport manufacturing.

Member organisations represent 200,000 companies in Europe, providing over 17 million direct and 35 million indirect jobs.

Ceemet is a recognised European social partner at the industrial sector level, promoting global competitiveness for European industry through consultation and social dialogue.

For the abovementioned reasons, Ceemet expressed in both stages of the consultation that it does not agree with the introduction of an EU Directive in this area.

The Commission claims that the Directive proposal falls within EU competence and respects the principle of subsidiarity. European Tech & Industry Employers fully disagree and call on the Member States to raise the yellow card procedure so that the Member States and social partners can, if they deem this necessary, take focused actions at the appropriate level.

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Chetan Corten  
HEAD OF COMMUNICATIONS  
T +32 (0)2 706 84 72  
M +32(0)472 25 02 28  
E [chetan.corten@ceemet.org](mailto:chetan.corten@ceemet.org)

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