

Law & Policy Group

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European Union proposal on minimum wages advances

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15 Dec 2021

The European Union's (EU) Council of Ministers agreed on a proposed directive on minimum wages, paving the way for negotiations with the European Parliament. Issued by the European Commission (commission) in October 2020, the directive aims to ensure statutory minimum wages are sufficient throughout the EU (a minimum of 60% of the national median wage), promote collective bargaining on wage setting, and improve access to minimum wage protection for workers. The directive would not require member states that lack a statutory minimum wage to introduce such a system. Hungary and Denmark voted against the directive.

Highlights

- Member states would have to create action plans to promote collective bargaining if fewer than 70% of workers are covered by such arrangements. Countries with high collective bargaining coverage tend to have fewer low wage workers and higher minimum wages than countries with low collective bargaining coverage.
- Member states with statutory minimum wages would have to implement a procedural framework to set and update minimum wages, using clear criteria.
- National laws would have to include controls and inspections, penalties for noncompliant employers, and ensure individuals have easy access to information on minimum wage protection, including a right to redress.
- Member states would have to monitor the coverage and adequacy of minimum wages, and submit a report to the commission every two years on the rate of collective bargaining coverage, the level of statutory minimum wages, and the workers covered by them. Member states with exclusive collective agreements would have to report the lowest pay rates set by such agreements, and the wage levels of those not covered by collective agreements.

Related resources

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- [Council agrees on mandate for negotiations on a EU framework on adequate minimum wages](#)
(Council of the EU, 6 Dec 2021)

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- [EU: Proposal on adequate minimum wages published](#) (2 Nov 2020)

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