

Commentary to the Opinion of the European Economic and Social Committee on the European Minimum Wage

On 18 September 2020, the European Economic and Social Committee has adopted its' Opinion on decent minimum wages across Europe or so-called European minimum wage. This explanatory opinion was requested by the European Parliament with a view to the forthcoming Commission's initiative. The European Economic and Social Committee ('EESC') did not come to a consensus on a number of contentious points, including the EU competence to act in the field of minimum wages.

The Union of Entrepreneurs and Employers have participated in the European Commission's consultations regarding the subject of European minimum wage and has critically assessed the proposal due to a number of reasons. First, the regulation of the minimum wage remains within the exclusive competence of Member States, and that EU instruments referring to these issues should be of a non-binding nature, should they be at all adopted. Second, even though the Commission has stated that it will respect national traditions, to include collective bargaining mechanisms, however, this proposal suffered from lack of precision. Third, the Commission analysed the issue of minimum wages solely from workers' perspective, and hence overlooked the fact that the introduction of additional regulations may increase the scarcity of full-time employment in the labour market, which – so it would seem – is not consistent with the EU concept of social policy.

The EESC opinions reflect a divide between the Workers' and Diversity Europe Groups and the Employers' Group. On the one hand, the EESC has acknowledged inter alia that important disparities remain in the statutory minimum wage levels in the Member States and minimum wages are an important aspect of the EU's social market economy model. On the other hand, the EESC noted that any potential changes may have an impact on employment, competitiveness and macro-economic demand. Moreover, while the Workers' Group and the Diversity Europe Group were of the opinion that a binding instrument is necessary, the Employers' group highlighted that introduction of mandatory requirements can lead to adverse consequences in the labour market. Furthermore, the Employers' Group recalled that the European institutions do not have the competence to act on "pay", including pay levels. What is, however, more important is that such action could undermine the autonomy of social partners and efficiency of collective bargaining systems, especially in the Member States where there are no statutory minimum wages.

The Union of Entrepreneurs welcomes the fact that the European Economic and Social Committee took due account of the concerns presented by the Employers' Group. We hope that the European Commission will take issues such as lack of competence or potential adverse effects on the European economy under consideration in its' subsequent work related to the European minimum wage.