



Brussels, 28 October 2020

European Chemical Employers Group's (ECEG) statement on the European Commission's proposal for a Directive on adequate minimum wages in the EU – COM (2020) 682 final, 2020/0310 (COD)

ECEG has carefully examined the proposal for a Directive on adequate minimum wages in the EU. Below are the points that are of the most concern for chemical employers:

- **A framework Directive circumvents Article 153 (5)¹, thus opening the door for political interference in wage-setting mechanisms.** The proposal for a Directive states, that “since it does not contain measures directly affecting the level of pay, it fully respects the limits imposed to Union action by Article 153 (5) TFEU”². However, according to Article 153 (5),

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12008E153&from=EN>.

² See: “Proposal for a Directive of the European Parliament and of the Council on adequate minimum wage in the European Union”, p. 6, 28 October 2020.

the Union does not have competency in the domain of pay, which includes wage regulation and wage setting mechanisms. The content of the Directive therefore does not fall under the Union mandate.

- **It proposes an isolated increase of wages.** As reiterated in our feedback on both rounds of consultations: wages are remuneration for work and should be linked to the performance and value of the work performed, skills, education, qualification of employees, and other factors. An isolated increase of minimum wage without an increase in productivity is detrimental, especially for labor intensive industries.
In addition, it must be considered that wage levels vary across sectors and companies. The issue of wages is an integral part of all aspects of the employment relationship set by social partners, and it therefore must be recognized as being among the competences of collective bargaining. A framework Directive interferes and weakens the ground for sustainable, well-functioning collective bargaining and diminishes incentives for self-organization in employers' and/or workers' associations, thus undermining the social dialogue system.
- **The framework agreement has introduced a range of "indicative references" as to what an adequate minimum wage should be.** It requires Member States to compare their legal minimum wage level (in the 21 EU countries where this exists) to a range of parameters including purchasing power, the general level of gross wages, wage progression, and labour productivity developments. The threshold of 60 percent of the national median wage and 50 percent of the national average wage serves as "indicative reference" as to what an adequate minimum wage is. As already mentioned, the setting of adequate minimum wages should be left to national collective bargaining and national legislators, and the introduction of such thresholds cannot be accepted. It has to be considered that taxation and national social security levels affect the adequate level, and none of these aspects fall under the competences of the Union.
- **It leaves little room for opt-outs,** whereas deductions from the minimum wage have to be "objectively justified and proportionate." This limits and can even eliminate minimum wage exemptions and variations agreed at national and/or sectoral levels in the chemical

industry. For example, survival clauses ³ for times of company financial difficulties will no longer be valid.

In conclusion: the framework Directive poses both a direct threat to social partners' autonomy and collective bargaining negotiations, with the Union overstepping its mandate. Even though the proposal for a Directive refers to the challenges posed by COVID-19, it fails to consider the consequences of such an initiative on businesses, particularly regarding the current difficulties that companies are facing.

³ https://www.proliitto.fi/sites/default/files/Tessit/kemianalan_toimihenkilösopimus_2017_2020_eng_final.pdf.

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About ECEG

ECEG, the European Chemical Employers Group, founded in 2002, is a recognised European Sectoral Social Partner, representing the chemicals, pharmaceuticals, rubber and plastics industries in Europe. Our sector provides approximately 3.3 million direct jobs in more than 94.000 enterprises.