

Graphical Sector Response

First phase consultation of Social Partners under Article 154 TFEU on a possible action addressing the challenges related to fair minimum wages

Introduction

Intergraf is the European federation for print and digital communication. We are the trade association representing the European graphical (printing) sector, with 21 national member associations from 20 countries in Europe. We are also the European Social Partner representing employers in the graphical sector, engaging in Social Dialogue at EU level. Similarly, our 21 member associations are national social partners, engaging in varying levels of collective bargaining in their own countries – including, in many cases, wage-setting.

As is made clear in the Commission's proposal, there is much divergence across Europe when it comes to wage-setting and the level of involvement of Social Partners. 21 EU Member States, plus the United Kingdom, already have a statutory minimum wage, while another 6, plus Norway and Iceland, set minimum wages in collective bargaining at sectoral level. In line with the diverse landscape of industrial relations in Member States of the Europe Union, vast differences can also be seen in collective bargaining structures and outcomes in the graphical sector. As the Commission correctly identifies, there is clearly no 'one size fits all' approach.

I. Do you consider that the Commission has correctly and sufficiently identified the issues and the possible areas for EU action?

The importance of tackling wage inequalities in terms of purchasing power, protecting and promoting a decent standard of living and wellbeing, and preventing in-work poverty, as per Principle 6 of the European Pillar of Social Rights, is not in dispute. These are indeed important topics which require a range of different solutions and the EU's ambition to tackle such issues are legitimate. What is not legitimate, however, is to politicise wages in relation to these issues, as this proposal does. As well as being an ineffective instrument to deal with the wide range of problems identified, the Commission lacks sufficient economic and legal analyses to support their proposal. As a result, further EU action on the matter should not be considered.

Crucially, with regard to the legal argument, the European Union does not have the competence to introduce an instrument on minimum wage (Article 153(5) TFEU). And the consultation document

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makes no efforts to meaningfully address this lack of competence. It also simultaneously fails to address areas in which the EU already has the competence and existing frameworks to act (e.g. within the European Semester process and country-specific recommendations).

An instrument at European level on minimum wage would risk impacting the autonomy and functioning of national Social Dialogues, be it intended or not. Even if those countries with a well-functioning wage-setting system involving Social Partners were excluded from any such common instrument, there would undoubtedly still be indirect effects on these systems. This proposal threatens to undermine the work and effectiveness of the people who know their sector and region best – in direct opposition to the aims stated by President von der Leyen regarding the value of Social Dialogue in her Political Guidelines.

National agreements on wages reached with the involvement of Social Partners ensure a balance between the needs of workers and the needs of employers, supporting fairness as well as competitiveness in specific national contexts. In addition to wages, collective bargaining also takes into account a wide variety of topics relating to fairness, such as net salary (after taxes), annual days of leave and supplementary pensions, for example. A common instrument on minimum wage could, at the very least, impact the desire to collectively organise by (further) disincentivising the continuance of Social Partner dialogues on other important topics – both in Member States where it is already well-functioning and those in which it is not, regardless of the geographical scope of the instrument.

Regarding the economic argument, it has been proven that minimum wages can have a variety of effects – good, bad, and neutral – on employment, working hours, apprenticeship, productivity (both in terms of labour and overall productivity) and competition. None of these parameters have been sufficiently taken into account by the Commission. Nor has the role of skills and education been adequately focused on with regard to wage levels.

The effects of minimum wage on social protection systems (e.g. pensions), taxation systems, and how wages operate in combination with other types of income (e.g. housing and/or family benefit), has also not been sufficiently dealt with, despite the TFEU stating that the EU “must not significantly affect the financial equilibrium” of Member States’ security systems (Article 153(4) TFEU). In addition, the possible negative effects of such a measure on the overall wage structure of Member States and individual sectors has not been addressed.

II. Do you consider that EU action is needed to address the identified issues? If so, what should be the scope of that action?

Most importantly, as we have already made clear above, the European Union does not have the competence to introduce an instrument on minimum wage (Article 153(5) TFEU). Annex I of this consultation document clarifies that almost all EU Member States already rely on some kind of national legislation, procedures, instruments, institutions or committees to manage the setting of minimum wage. It also correctly identifies that solutions and national contexts are extremely

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diverse, with some Member States lacking solutions to address low wages. However, shortcomings in national approaches will not be cured by a unilateral common instrument. Such an instrument instead risks having a negative impact on those collective bargaining systems which are already high-functioning – directly and/or indirectly.

Significantly, as is briefly mentioned but not addressed in any detail by the consultation document, there is already EU action taking place on minimum wage in the European Semester process and country-specific recommendations. Such tailored, national approaches are appropriate because they deal with the problems identified by the Commission in this consultation document, as well as fully taking into account national differences without jeopardising the functioning of healthy wage-setting systems. We consider this sufficient and do not consider that the scope of such actions should be widened to a common European instrument.

If the European Commission has not found the scope of their existing actions sufficient, then the scope should be widened *within* the European Semester process. This is already happening with the refocusing of the European Semester process towards achieving the UN's Sustainable Development Goals (SDGs) – many of which have a high relevance to the problems identified in this consultation.

III. Would you consider initiating a dialogue under Article 155 TFEU on any of the issues identified in this consultation?

As the European Social Partner representing employers in the graphical sector, we have already engaged in organised Social Dialogue since 2013. We would not be willing to extend our dialogue to include issues relating to wages because wage-setting is a competence of Member States, in combination with national Social Partners. Moreover, any such discussion introduced at European level would risk obstructing our existing (well-functioning) dialogue about other topics important for the future of our industry, such as skills, education, image/attractiveness of the sector, recruitment, digitisation, inclusion, demographics, gender equality and environment. Work on these topics would likely suffer if wage discussions were extended to European level.