



Brussels, 04 September 2020

European Chemical Employers Group, ECEG's reply to the second phase consultation of Social Partners under Article 154 TFEU on a possible action addressing the challenges related to fair minimum wages

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

We welcome the opportunity to contribute to the second stage social partners' consultation following the first one, submitted on 24 February 2020.

Questions to Social Partners:

1. What are your views on the specific objectives of a possible EU action set out in section 5?

Minimum wages set at adequate level.

An isolated increase of wages detached from productivity will hamper the economic recovery and distort employment prospects. Wages are remuneration for work and should be linked both to the performance and the value of the executed work. Other criteria need to be taken into account, such as skills, education, qualification of employees, etc.

Minimum wage for all workers - Coverage.

The decision on the minimum wage is exclusively a national prerogative and is to be dealt with by national governments and/or national social partners. On the basis of Article 153 (5) of the TFEU, ECEG questions the EU's mandate to legislate on this topic (see Question 3). This also contradicts the principles of subsidiarity (Article 5 TEU) .

In conclusion: The actions currently foreseen by the Commission will limit or even eliminate minimum wage exemptions and variations agreed at national and/or sectoral levels. For example, survival clauses¹ in times of companies' financial difficulties will not be achievable anymore.

2. What are your views on the possible avenues for EU action set out in section 6.1 of this document?

Collective bargaining.

The EU has no mandate to interfere with collective bargaining, neither on minimum wage adequacy nor on the wage coverage. These two aspects are national Social Partners' prerogatives. Political interference in the wage setting mechanism would weaken the ground for a sustainable well-functioning collective bargaining. Incentives to organize themselves in employers' and/or workers' organisations will undermine the social dialogue system.

¹ https://www.proliitto.fi/sites/default/files/Tessit/kemianalan_toimihenkilösopimus_2017_2020_eng_final.pdf.

Involvement of social partners in statutory minimum wage setting.

The ECEG agrees with the Commission that an effective and timely involvement of Social Partners would help in reaching the outlined objectives. It is essential to respect national traditions and practices.

Exemptions and variations.

ECEG opposes to any EU “one size fits all” action which would eliminate currently existing exemptions and variations in Member States. Any EU action in this matter would contradict the Commission’s President von der Leyen’s believe in social partners “who know their sector and region the best”².

Compliance and monitoring.

The ECEG does not see any added value for strengthening enforcement bodies in Member States and implementation mechanisms. The ECEG proposes to monitor the implementation in the framework of the European Semester process.

3. What are your views on the possible legal instruments presented in section 6.2?

A Directive would not be the right instrument since there is no legal basis under Article 153 (5) TFEU. Other means, such as awareness raising, exchange of good practices, identification of opportunities and obstacles or capacity building for collective bargaining negotiations should be considered.

² **Political Guidelines** | Ursula von der Leyen, Candidate for the European Commission President, p.10: https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf.

4. Are the EU social partners willing to enter into negotiations with a view to concluding an agreement under Article 155 TFEU with regard to any of the elements set out in section 5 of this document?

Article 153 (5) TFEU explicitly excludes pay and the right of association from the competence of the EU. Thus, ECEG strongly opposes to any initiative from the Commission on any of the elements outlined in section 5.

The above mentioned limitations also apply to the minimum wage setting mechanisms at the national level. These are solely a prerogative for Member States and national social partners.

For more information, please contact:

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About ECEG

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