

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

Gröna arbetsgivare – Swedish Federation of Green employers

Swedish Federation of Green Employers wishes to submit its reply to the second stage consultation of the social partners on a possible action addressing minimum wages, launched by the European Commission on the 3 July 2020 via the consultation document C(2020)3570 final.

EU and its member states are now facing the deepest economic recession ever. All over Europe companies are fighting for their economic survival. Recent statistics from Eurostat show that industrial production in Europe is down by 28.0% in April 2020 compared with April 2019.

Given this extraordinary situation implying increased costs on business, including any initiative on minimum wages should be halted.

The immediate policy focus must be to enable a safe and rapid re-launch of economic activity, with a view to securing sustainable growth and competitiveness, safeguarding employment and creating new job opportunities.

Further, on the content and on the specific questions asked by the Commission in the second stage consultation, Gröna arbetsgivare, would like to make the following points.

As stated in the first stage consultation there is no need for EU action on minimum wages.

The Commission rightly points out that well-functioning collective bargaining in wage-setting systems ensure that workers are protected by adequate wage floors.

In Member States where the social partners are responsible for setting wage floors, the levels of the lowest wages are comparatively high. In Sweden for instance, 0% of all workers earn less than 60% of the national median wage. Countries where wage floors are defined by sectoral collective bargaining are also among those with the highest rates of collective bargaining coverage.

The Commission estimates that the share of workers who are not formally covered by such agreements is 2% in Austria, around 10% in Sweden and Finland and around 20% in Denmark and Italy.

A majority of those workers in the stated countries who are not formally covered by minimum wages, are either high paid white-collar workers, well above the collectively agreed wage-floors, or job-students or other young workers entering the labour market. Employers also often, in reality, apply the sector-based minimum wages to workers, who are not formally covered by minimum wages without being obliged to.

Furthermore, a European initiative on minimum wages or more political interference in this area, for instance by promoting directly or indirectly a system of the extension of collective agreements, would



gravely weaken the incentives to organise both among employers' and workers' organisations and lead to negative side effects for fully functioning systems and ultimately undermine and interfere with national wage-setting systems and the autonomy of social partners and weaken collective bargaining systems the Commission says it wants to promote.

Fair minimum wages should be promoted by other means, for instance by support for collective bargaining, in terms of awareness raising, exchange of best practice, identifying opportunities and obstacles, support capacity building and creating incentives.

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