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Graphical Sector Response

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

The European graphical (printing) industry is made up of approximately 110,000 printing companies (95% SMEs), which employ 600,000 people and generate a combined turnover of €79 billion. With 21 members from 20 countries, Intergraf is the trade association for the European printing industry. We are also the Social Partner representing employers in the graphical sector, engaging in Social Dialogue at EU level. Similarly, our member associations are national Social Partners, engaging in varying levels of collective bargaining in their own countries – including, in many cases, wage-setting.

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

As the Commission demonstrates, action on minimum wage in Europe is clearly relevant for some specific Member States, regions, and sectors on a case-by-case basis. However, for others, the fact remains that there is a significant risk that EU level action (whether legislative or non-legislative) will interfere with existing, well-functioning national wage-setting mechanisms. It could also result in other unintended effects or burdens on companies and national Social Dialogue outcomes and structures.

We maintain our original position that solutions to the problems identified cannot and should not be found at EU level. Especially given the questionable legal basis for such an action. Tailored, national approaches which limit politicisation of this issue are more appropriate because they deal with many of the problems identified by the Commission, while simultaneously considering national differences and not jeopardising the functioning of healthy wage-setting systems.

We strongly urge the Commission to reconsider this proposal as we believe there are other approaches which would be better suited to solving many of the problems identified without undermining the autonomy of Social Partners or well-functioning wage-setting systems.

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What are your views on the possible avenues for EU action set out in section 6.1?

We welcome the Commission's continued recognition of the vastly differing contexts and nuances across Europe and the importance of supporting national competencies and Social Partners' contractual freedom. However, we question the need for this initiative to be further politicised and addressed to all Member States given their vast contextual differences and the lack of need for such an intervention in many countries.

As the Commission notes, the adequacy of minimum wages at national level is heavily linked to the strength and coverage of collective agreements (in systems with an existing statutory minimum wage, as well as those relying entirely on collective agreements). Consequently, additional support for Social Partners (e.g. funding, capacity building) could be foreseen in order to support industrial relations in all Member States and to foster the existing role of collective bargaining in relevant Member States.

In countries where a minimum wage already exists, Social Partners should indeed be meaningfully involved in this process. Likewise, developing clear and stable criteria, frameworks and monitoring mechanisms, as well as limiting exemptions, at national level would be reasonable. However, such actions should be fully developed at national level and only following the agreement and meaningful involvement of national Social Partners. The absence of such an agreement would run counter to the Commission's undertaking to respect national contexts and traditions.

Importantly:

- A statutory minimum wage does not necessarily adequately consider the competitiveness of individual sectors. Wages set by sectoral Social Partners in collective agreements ensure that wage development is not decoupled from the performance and economic development of companies – safeguarding access to employment and fully considering the effects on job creation. This is particularly crucial for an industry like print because the sector's economic development is not always comparable to the wider economy.[1]
- Binding minimum requirements and (potentially burdensome) procedural obligations could result in an encroachment on collective bargaining autonomy. This is irrespective of whether the printing industry would be directly affected by the binding provisions of a Directive in companies bound by collective agreements or not (yet) because of the current level of their collective wages. There is a risk that wages will no longer be determined by the economic conditions of an industry, but increasingly by political influence.
- It can be expected that EU requirements and procedural obligations will also have an impact on the setting of the national statutory minimum wage in relevant Member States. Thus, any

[1] For example, in Germany in 2019, real GDP grew by +0.6%, while the seasonally- and calendar-adjusted production index for the printing industry recorded a decline of -6.3%.

attempt of Social Partners to avoid a political discussion about minimum wage would be in vain.

- For smaller companies not bound by collective agreements in structurally weak regions, there is a risk that wage costs will rise too quickly following the introduction of a statutory minimum wage. Printing companies can be very different; not all companies can withstand the same fixed costs. The introduction of a minimum wage could unduly affect competition, with some companies (e.g. SMEs, or those producing certain products) experiencing more disadvantages than others.
- If binding requirements lead to an increase in the national statutory minimum wage, the wage gap between unskilled workers and skilled workers would narrow. This would exacerbate the feeling of not being treated fairly. If the minimum wage rises, many companies would be forced to adjust the higher wages for higher skilled jobs equally. This could indirectly introduce further costs which companies cannot easily finance through price increases. This is especially true for printing companies that are in strong competition with non-EU countries and digital media.

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

The principle of autonomy is an essential and decisive component of industrial relations. A binding Directive seriously risks undermining such relations – particularly in Member States with well-functioning wage-setting systems. On this basis, we are strongly opposed to a Directive. The same risks likewise exist with a non-binding Council Recommendation (albeit possibly to a lesser extent depending on the specificities of the Recommendation).

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?

As the European Social Partner representing employers in the graphical sector, we have already engaged in organised Social Dialogue since 2013. In our work programme we have specifically excluded all negotiations regarding collective agreements (wages and working conditions) because we and our members strongly believe that these are the remit of the national associations and national trade unions. Because of this, our members do not see the possibility at this stage to extend our dialogue to include issues directly related to wage-setting.

The printing industry's European Social Dialogue is highly functional, with collaboration dating back many years (since long before formal dialogue began). We have completed many projects and entered into many agreements together on a variety of topics that have had (and continue to have) a positive effect on our sector. One of the reasons for our collaborative relationship is that discussions on wage-setting take place at national, not European level. Introducing wage-setting issues to European level would obstruct our sectoral Social Dialogue's capacity and ability to work on other topics, such as skills and training, education, image/attractiveness of the sector, recruitment, digitisation, inclusion, demographics, gender equality, and environment.