

Directive (EU) 2022/2041 on adequate minimum wages in the European Union

The main issues

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What is the aim of the directive?

- It aims to improve working and living conditions in the European Union (EU) by establishing a framework for:
 - adequacy of **statutory minimum wages**;
 - promoting **collective bargaining** on wage-setting;
 - enhancing the effective access of workers to their rights to **minimum wage protection** where provided for under national legislation and/or collective agreements.

The directive does not:

- infringe on the autonomy of social partners or their right to negotiate and conclude collective agreements;
- oblige Member States to:
 - introduce a statutory minimum wage,
 - make any collective agreement universally applicable;
- affect the right of Member States to:
 - decide on the setting of statutory minimum wages, their level and the access to that protection,
 - introduce more favourable measures or collective agreements for workers;
- provide grounds to reduce, by lowering or abolishing minimum wages, the general level of protection workers already enjoy.

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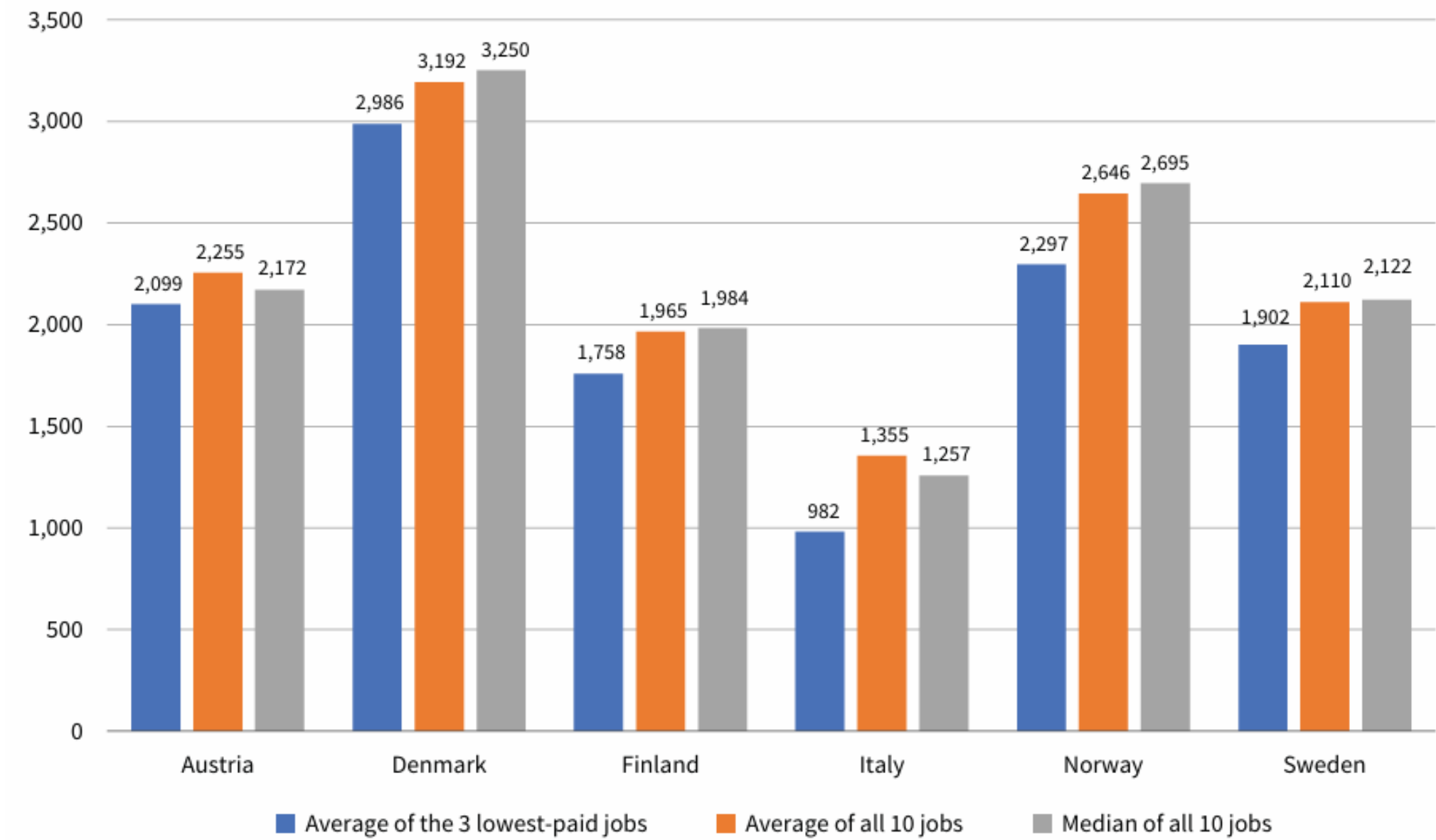
- The legislation respects the fact that minimum wage protection is **based on legislation in** some countries and **collective agreements in others**.
- Only **22 EU Member States** have a statutory minimum wage. **In five countries** (Italy, Austria, Finland, Denmark and Sweden), minimum wages are agreed through sectoral collective bargaining.

Table 1: Gross nominal national minimum wages, 22 EU Member States, 2023 and 2024

Country	Converted values per month			National rates and developments			Change 2022-2023 (%)
	2023 (€)	2024 (€)	Change (%)	2023 (€ unless otherwise stated)	2024 (€ unless otherwise stated)	Change (%)	
Luxembourg	2,387	2,571	7.7	2,387/month	2,571/month	7.7	5.8
Ireland	1,910	2,146	12.4	11.3/hour	12.7/hour	12.4	7.6
Netherlands	1,934	2,070	7.0	1,934/month	2,070/month	7.0	12.1
Germany	1,987	2,054	3.4	12.00/hour	12.41/hour	3.4	22.2
Belgium	1,955	1,994	2.0	1,955/month	1,994/month	2.0	15.6
France	1,709	1,767	3.4	1,709/month	1,767/month	3.4	6.6
Slovenia	1,304	1,358	4.2	1,304/month	1,358/month	4.2	12.0
Spain	1,260	1,323	5.0	1,260/month	1,323/month	5.0	8.0
Cyprus	940	1,000	6.4	940/month	1,000/month	6.4	n.a.
Poland	746	978	31.1	PLN 3,490/month	PLN 4,242/month	21.5	15.9
Portugal	887	957	7.9	887/month	956.66/month	7.9	7.8
Malta	835	925	10.8	192.73/week	213.5/week	10.8	5.4
Lithuania	840	924	10.0	840/month	924/month	10.0	15.1
Greece	832	910	9.4	832/month	910/month	9.4	7.5
Croatia	700	840	20.0	700/month	840/month	20.0	12.2
Estonia	725	820	13.1	725/month	820/month	13.1	10.9
Czechia	717	764	6.6	CZK 17,300/month	CZK 18,900/month	9.2	6.8
Slovakia	700	750	7.1	700/month	750/month	7.1	8.4
Latvia	620	700	12.9	620/month	700/month	12.9	24.0
Hungary	579	697	20.4	HUF 232,000/month	HUF 266,800/month	15.0	16.0
Romania	606	663	9.4	RON 3,000/month	RON 3,300/month	10.0	17.6
Bulgaria	339	477	19.6	BGN 780/month	BGN 933/month	19.6	9.9

Eurofound data

Figure 4: Collectively agreed average and median monthly wages in 10 low-paid jobs, January 2024 (€)



Eurofound data

C-19/23

- The fact and the way in which the Directive has been transposed in some countries, including Sweden, Belgium, Denmark, Estonia and Norway, is still very much in question.
- On 18 January 2023, the Danish government filed **an action for annulment** with the Court of Justice of the European Union to declare the EU Minimum Wage Directive invalid.
- *Case C-19/23, Action brought on 18 January 2023 - Kingdom of Denmark v European Parliament and Council of the European Union.*

C-19/23

Action brought on 18 January 2023 — Kingdom of Denmark v European Parliament and Council of the European Union

(Case C-19/23)

(2023/C 104/22)

Language of the case: Danish

Parties

Applicant: Kingdom of Denmark (represented by: C. Maertens, M.P. Brøchner Jespersen and J. Farver Kronborg, Agents)

Defendants: European Parliament and Council of the European Union

Form of order sought

The applicant claims primarily that the Court should:

- annul Directive (EU) 2022/2041⁽¹⁾ of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union.
- order the European Parliament and the Council of the European Union to pay the costs.

In the alternative, the Government claims that the Court should:

- annul Article 4(1)(d) of Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union.
- annul Article 4(2) of Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union.

Pleas in law and main arguments

In support of the principal claim, the Government claims in the first place that, in adopting the contested directive, the defendants infringed the principle of the conferral of powers and acted in breach of Article 153(5) TEU. The contested directive interferes directly with the determination of the level of pay in the Member States and concerns the right of association, which is excluded from the competence of the EU legislature pursuant to Article 153(5) TFEU.

The directive has to be transposed into national law by 15 November 2024. These rules should apply from 15 November 2024.

- It is based on the fact that the Danish government, the majority in parliament and the social partners **have shown widespread opposition to the directive.**
- In Denmark's view, **the European Union's powers in relation to workers' rights do not extend to pay**, the right of association, the right to strike or the right to exclude [with reference to Article 153(5) of the Treaty on the Functioning of the European Union].
- Among the arguments in favour of the annulment action is the importance of "**deterring**" **the European Commission** from proposing future EU legislation on certain aspects of the labour market that would call into question the Danish model of labour market regulation (*Folketinget*).
- **Sweden joined Denmark's action on 27 April 2023.**
- In any event, it should be noted that this procedure does not change the transposition deadline and **therefore does not affect the transposition plans of the Member States, with the proviso that, if the action is well founded, the Court of Justice of the European Union may annul the entire act or certain of its provisions.**

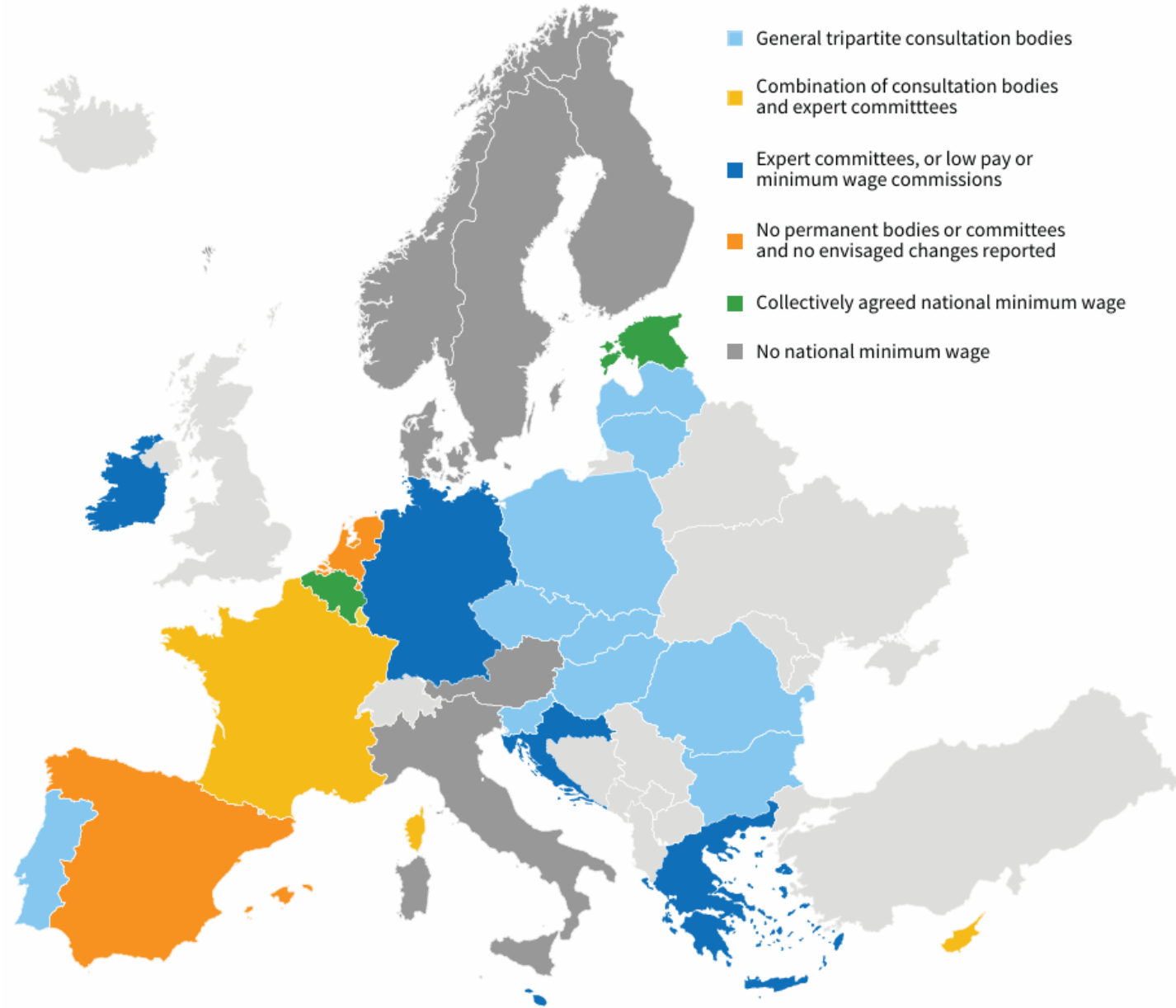
Framework of the Directive

- the **adequacy of** statutory minimum wages
- **the promotion of collective bargaining** for wage setting
- **improving** workers' **effective access to the rights to the protection afforded by the minimum wage** where such protection is provided for by national law and/or collective agreements.

Possible methods for
setting minimum
wages in national
procedures:

- **the purchasing power of statutory minimum wages;**
- **the general level and distribution of wages;**
- **the rate of wage growth and**
- **the long-term level and trend of national productivity.**

Figure 19: Overview of consultative bodies and committees involved in minimum wage setting



Eurofound data

Source: Authors' own elaboration

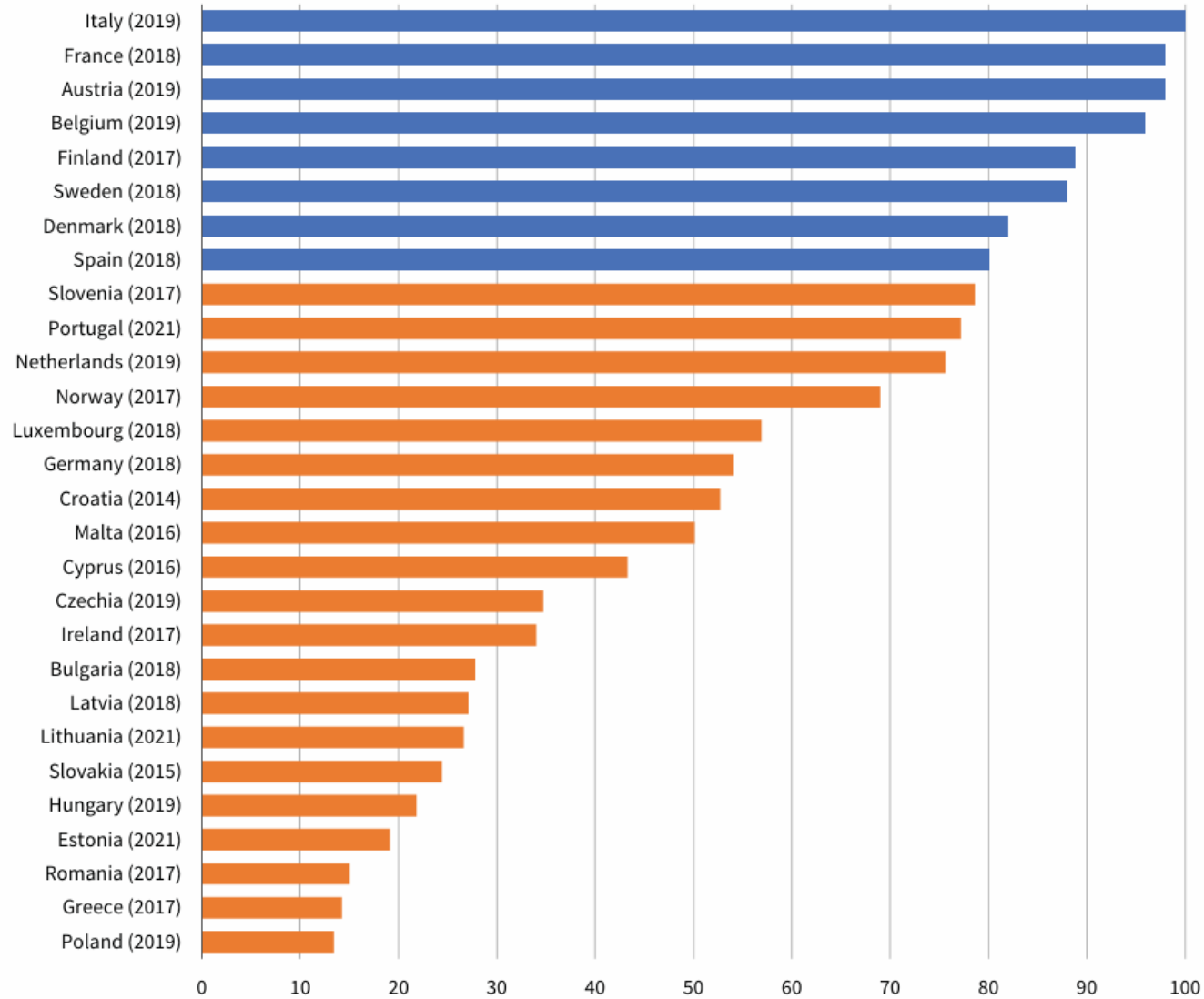
Indicative reference values (?)

- The most publicised aspect of the proposal is that it introduces the use of **an indicative benchmark** for the minimum wage, giving as an example and as an option 60% of the median gross wage or 50% of the **average gross wage**, while providing for the updating of the minimum wage at least every two years, or every four years in the case of automatic indexation.

Action plan?

- Another key aim of the directive is to encourage collective bargaining. It requires all Member States with collective bargaining coverage below 80%, including Hungary, to draw up an action plan to promote collective bargaining.
- **We (in Hungary) typically have a decentralised (i.e. local, employer-level), unbalanced wage-setting structure and collective bargaining practices, unlike most Western European EU countries where sectoral collective agreements are a central feature of the so-called collective bargaining systems.**

Figure 20: Collective bargaining coverage rates in the EU Member States and Norway, latest available data, various years



■ **Eurofound data**

Note: Data refer to adjusted collective bargaining coverage rates: number of employees covered by any collective agreement in force as a proportion of the number of eligible employees (the total number of employees minus the number of employees legally excluded from the right to collectively bargain).

Source: OECD/Amsterdam Institute for Advanced Labour Studies, Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts database, version 1.1 (September 2023)

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***Thank you for
your
attention!***