

Directive on Adequate Minimum Wage in EU to improve people's working and living conditions

Closing the Divide: from Minimum to Living Wages

29/05/2024

Directive 2022/2041 on Adequate Minimum Wages in the European Union

- 14 November 2022 → entered into force
- 15 November 2024 → deadline for transposition
- Main Objectives:
 - Adequacy of statutory minimum wages,
 - Promoting collective bargaining on wage-setting,
 - Enhancing effective access of workers to minimum wage protection
- Definitions
- Article 4 – Promotion of CB on wage-setting
 - 4(1) Capacity building; Protection (all MS)
 - 4(2) if CB coverage is less than 80% → **Action Plan to Promote Collective Bargaining**

Adequacy of Minimum Wage

NO specific MW level for EU Member States

Criteria for setting and updating statutory minimum wages with the aim of **achieving a decent standard of living, reducing in-work poverty, promoting social cohesion and upward social convergence, and reducing the gender pay gap.**

National criteria contributing to MW adequacy:

- ❖ **purchasing power and cost of living;**
- ❖ **general level and growth rate of wages;**
- ❖ **national productivity.**

Basket of goods and services

- at real prices
- at national level
- material necessities + cultural, educational and social activities

Reference Values:

Double Threshold of Decency
60% Gross Median Wage
50% Gross Average Wage

➤ MW as basic wage floor - too low to ensure decent living → LIVING WAGE



Adequate minimum wage → Living Wage

Calculation of adequate minimum wage based on the basic living cost approach

- Full involvement of trade unions and employers' organisations (Collective Bargaining and Social Dialogue);
- Basket to cover: food, clothing, personal care, health, household goods and services, social inclusion and participation, education, childcare, transport, housing, insurances, savings and unforeseen circumstances.
- Availability of statistical data + transparency;
- To take into account potential geographical differences in the costs of living within countries;
- To ensure a transparent process of regular monitoring and adjustment of adequacy of the minimum wage;
- Take into account the needs of workers and their families, and economic factors.

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Thanks for your attention

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