

The European Commission's minimum wage proposal would promote sectoral collective agreements

The Finnish trade union confederations SAK and STTK welcome the Commission's proposal for a minimum wage (COM/2020/682 final) and support its objectives. With its proposal, the Commission wants to strengthen the role of the labour market parties and collective bargaining in EU countries. It therefore wants to tackle the Europe-wide problem of wage adequacy and development and to address the associated distortions of competition in the internal markets.

SAK and STTK consider it important that the draft directive is strongly based on the promotion of collective bargaining. It is good that the key element of the proposal is the promotion of a model similar to the Finnish system, i.e. a system based on sectoral collective agreements in the member states.

The directive must support an increase in the minimum wage, especially in low-wage EU countries, and the best way to do this is through collective bargaining. Statistics show that wage levels are the best, both on average and in terms of low-wage earners, in countries where wages are widely agreed in sectoral collective agreements.

The minimum wage directive proposed by the Commission would not be a threat to the Finnish collective bargaining system. The proposal does not require the introduction of a statutory minimum wage in EU countries, nor does it include measures that have a direct impact on wage levels. Wage determination can continue to be based entirely on collective agreements, and the proposal does not interfere with the competence of the labour market parties to agree on working conditions through agreements. The proposal respects the limits of EU jurisdiction.

The obligation imposed on member states by the directive to report on wages and the coverage of collective agreements would have an immediate effect on Finland. The reporting obligation as part of the monitoring of the implementation of the Directive is justified.

The lower limit of the minimum wage, which would be tied to the average and median wages in each country, is not included in the proposal. Securing a decent level of minimum wages, for example through such a lower limit, in countries with a statutory minimum wage would also be indirectly in Finland's interest.

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