

EU rules on minimum wages not the right answer

Reacting today to the Commission draft directive on EU rules for setting minimum wages, EuroCommerce Director-General Christian Verschueren said:

“Retailers and wholesalers value their employees highly, and always seek to properly reward their hard work. This hard work was clearly demonstrated during the height of the COVID crisis in maintaining reliable supplies of essentials despite disruption and unprecedented demand. We pay well above the minimum rates on average where countries set these by legislation, and engage positively in collective bargaining where that is the norm. We therefore see no need, nor the possibility under the Treaty, to set rules on pay and collective bargaining at EU level.”

Retail and wholesale are Europe’s largest private-sector employer, providing 29 million direct jobs, including many opportunities for women and young people. We support proper employee protection and national minimum wages in countries, in accordance with national law and practice. We believe that wages should be set at the closest possible level to the workplace to adequately respond to the fundamental and rapid changes in our sector, accelerated by the pandemic. How this works and best practice in our sector, see our [Policy Guidance on the Future of Work in Retail and Wholesale](#)).

As EU social partner for retail and wholesale, safeguarding the autonomous role of the social partners in collective bargaining at national, sectoral and company level is paramount. We are concerned that the Commission has not taken account of employers’ views, and gone ahead with wage legislation under provisions of Article 153/TFEU on working conditions, when Article 153(5) expressly excludes any action under the Treaty on pay and collective bargaining.

The Commission has recognised our sector as one of the most severely hit by the COVID crisis in the context of the Next Generation EU recovery fund. With many stores, particularly SMEs, facing closures and job losses in the coming months, this is not the time for increasing administrative burdens on shops and businesses fighting for their survival. The impact assessment assumes that SMEs will be able to shift the costs of higher wages onto consumers. This is simply wrong: with a highly competitive retail market and consumers cutting back on expenditure due to worries about their own jobs, price increases of this sort are not an option. We would ask the Commission to look again at this assumption and consider a further impact assessment to examine the real market conditions at sectoral level into which this proposal will be launched.

The proposed directive also seeks to set intrusive EU targets for adequacy, coverage and variations of minimum wages in member states which seem inconsistent with the statements in the proposal that the rules do not seek to cut across national arrangements for collective bargaining and minimum wages. We believe, however, in collective bargaining and social dialogue, and would welcome EU action through the EU Semester process and capacity-building to support voluntary initiatives on social partnership and collective bargaining in those countries where this does not exist. Verschueren added:

“We fear that top-down solutions at EU level may take insufficient account of the present economic situation, may crowd out very positive bottom-up solutions being agreed with social partners at national, sectoral and company level, and undermine trust in systems which are working well. We are very willing to work with the Commission on promoting social partnership throughout Europe, but believe the present proposal is the wrong solution at the wrong time”.

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.