



**European Committee
of the Regions**

**National Delegation of Sweden
and Denmark**

8th of March 2021

Dear Mr. Kaiser, dear colleague,

On behalf of the Danish and Swedish CoR delegations, we are reaching out to you as the rapporteur on the opinion on adequate minimum wages in the EU in order to further explain our positions and reasoning as well as our tabled amendments to the draft opinion at the upcoming plenary session. We do this, because we see real possible threats to our more than a century old collective bargaining models and labour market traditions.

First and foremost, we want to thank you for your work with the opinion. It is very important for us to underline that we agree with the overall objective of achieving adequate wages across the EU, fighting poverty, strengthen and promoting the social dialogue as well as the role of the social partners within our respective national systems. However, we do have some well-founded concerns about the proposal by the Commission.

Our first concern is regarding the legal base of the directive proposal from the Commission, namely its respect for article 153 (5) TFEU. For us, it is clear that the directive proposal would impact wage setting and levels amongst the member states, and thereby be in breach of article 153 (5) TFEU.

Secondly, a directive, contrary to a Council recommendation, will grant the European Court of Justice influence over wage setting in the member states. Thereby, ECJ will be given the power to ultimately interpret and decide even individual conditions for an appropriate minimum wage, meaning that the exclusion given by Chapter II in the Commission's proposal cannot be guaranteed in member states like ours, where wage setting is done via collective agreements. Potentially, this will have a substantial interference in our labour market models where the social partners, independent from governments and the EU, reaches agreements on working conditions and wage.

Having this in mind it is of outmost importance to include a reference to the upcoming legal assessment from the Council's Legal Service on the legal base of the proposed directive in the CoR opinion. The EU cannot proceed as long as there is a high level of legal uncertainty, as the Commission has not sufficiently explained the legal basis of the directive and how wage formation can be classified as working conditions. This is a view that is shared amongst

multiple member states and social partners on the European level, as well as the European Parliamentary Research Service¹.

We are pleased to see that you promote the role of the social dialogue both at European and national level in your opinion. This is of great importance in creating stable, inclusive, and healthy labour markets, where social partners have autonomy to negotiate and create collective agreements covering both wage and working conditions. We believe that the European Union and the CoR should promote the social dialogue and social partners rather than proposing directives that could hinder their role, autonomy, and development. In contrast, the data from the Commissions first consultation on the directive proposal shows that countries with strong social partners that can negotiate by their own accord without interference to a larger degree have fair wages in comparison to countries that has a statutory minimum wage.

The model of collective bargaining thus provides the best option to counter in-work poverty. However, for it to function, there needs to be autonomy. The collective bargaining model offers the most successful way for both employees and employers to ensure their priorities, including adequate wages, and security, thereby contributing to a flexible labour market for both parts. It is therefore important that the Commission supports capacity building and the autonomy of the social partners at European and national level, since legislation does not foster and ensure strong social partners.

We hope you understand that we, with our amendments, do not seek to hinder the needed development in some member states and the need to tackle poverty in work. However, we have grave concerns regarding the impact of such a proposed directive on our well-functioning labor market models. Concerns that can be eliminated while still addressing the purpose and challenges from the Commission with a Council recommendation instead of a directive.

Yours sincerely,



Anders Knappe
*President of the Swedish delegation
to the Committee of the Regions*



Erik Flyvholm
*President of the Danish delegation
to the Committee of the Regions*



Karin Wanngård
*Vice President of the Swedish delegation
to the Committee of the Regions*



Karsten Uno Petersen
*Vice President of the Danish delegation
to the Committee of the Regions*

¹[https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/662600/EPRS_BRI\(2021\)662600_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/662600/EPRS_BRI(2021)662600_EN.pdf)

Annex

Fact box: Common characteristics of the Nordic labor market models.

The Nordic labor models with strong collective agreements at its center, have evolved during the 20th century and has contributed to sustainable social- and economic growth in our societies for more than 100 years.

In comparison with the rest of the EU, the Nordic labor market systems and collective agreements have displayed good results in the form of high employment rates, low wage dispersion, low wage gaps between women and men, favorable average annual real wage growth, low number of industrial actions and good industrial relation index (Eurofund). Furthermore, the labor market systems in the Nordic countries are characterized by strong common characteristics, although they are not completely similar to each other. Some of these common features are described below:

- In the Nordic countries, the social partners negotiate wages and conditions on the labor market through collective bargaining with a strong independency from the government. Collective bargaining makes it possible to adapt to sector specific and geographical conditions.
- The collective agreements have a special legal status as they can substitute or deviate from legislation.
- The Nordic countries are characterized by a high degree of coverage of collective agreements. The collective self-regulation is strong, the membership rates in employers' and trade union organizations are high.