

A move towards adequate minimum wages in the European Union?

In October 2020 the European Commission published its proposal for a Directive on adequate minimum wages in the EU, as promised by Ursula von der Leyen in her political guidelines. The proposal aims to ensure that the workers in the Union are protected by minimum wages allowing for a decent living wherever they work. It promotes collective bargaining on wages in all Member States, whilst fighting social dumping.

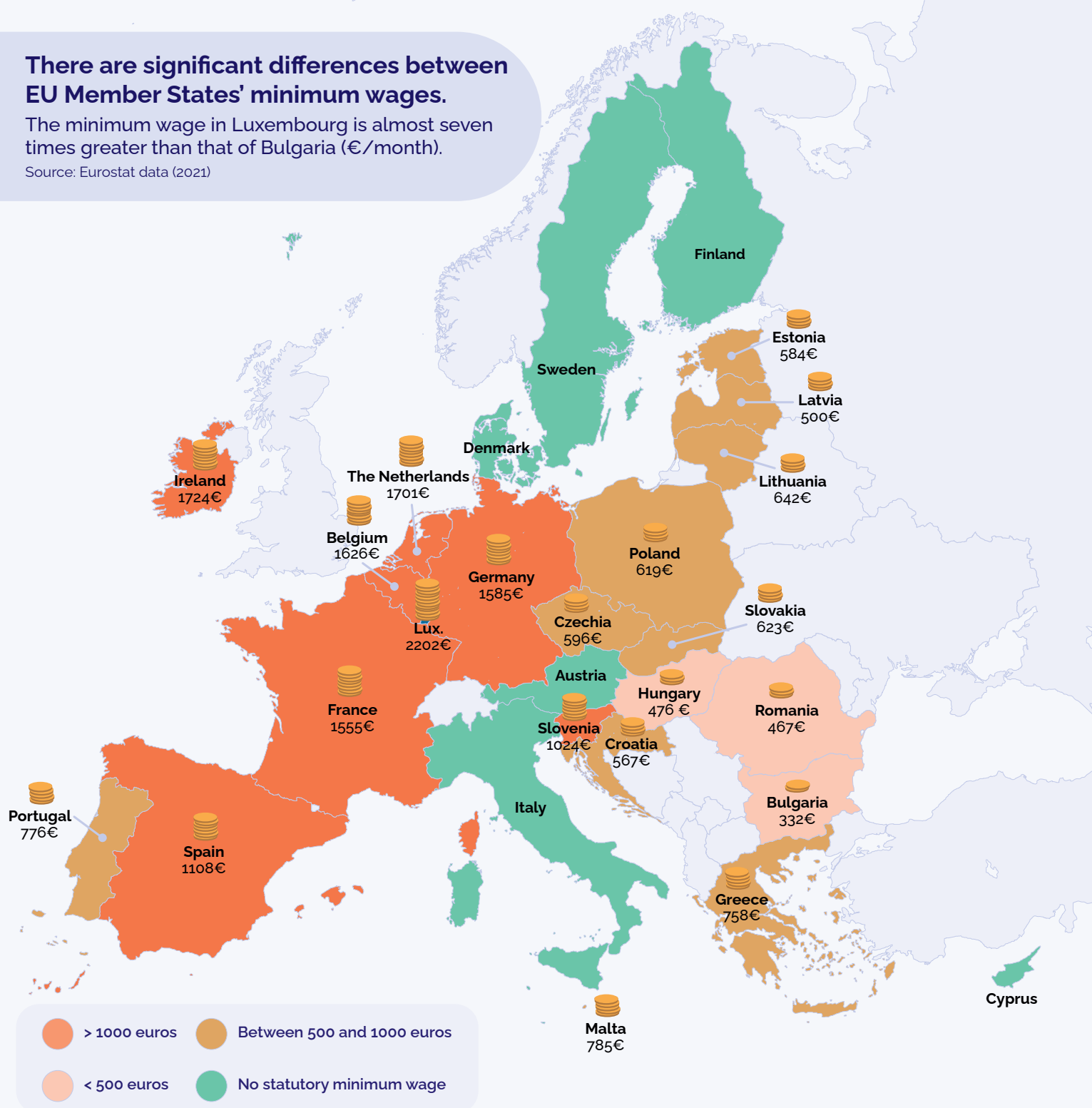
The European Parliament and the Council adopted their respective positions at the end of 2021, allowing negotiations between the two institutions and the Commission to begin in January 2022, under the French Presidency of the Council of the EU – which has made this issue one of its top priorities.



There are significant differences between EU Member States' minimum wages.

The minimum wage in Luxembourg is almost seven times greater than that of Bulgaria (€/month).

Source: Eurostat data (2021)



However, the gap closes considerably when the minimum wage is expressed in purchasing power standards.

From a ratio of one to seven, the difference between the minimum wage in Bulgaria and Luxembourg drops to about one to three in PPS.

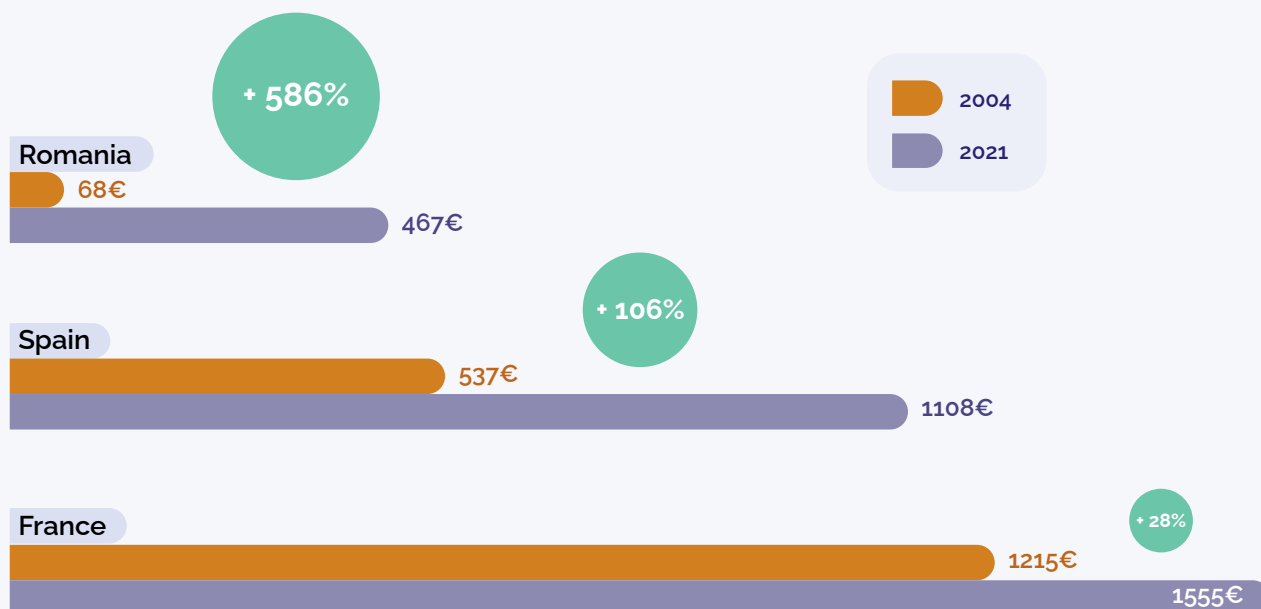
Source: Eurostat data (2021)



Wage convergence is underway in the EU; this trend must be stepped up.

The minimum wage is increasing more quickly in Southern and Eastern countries. (€/month)

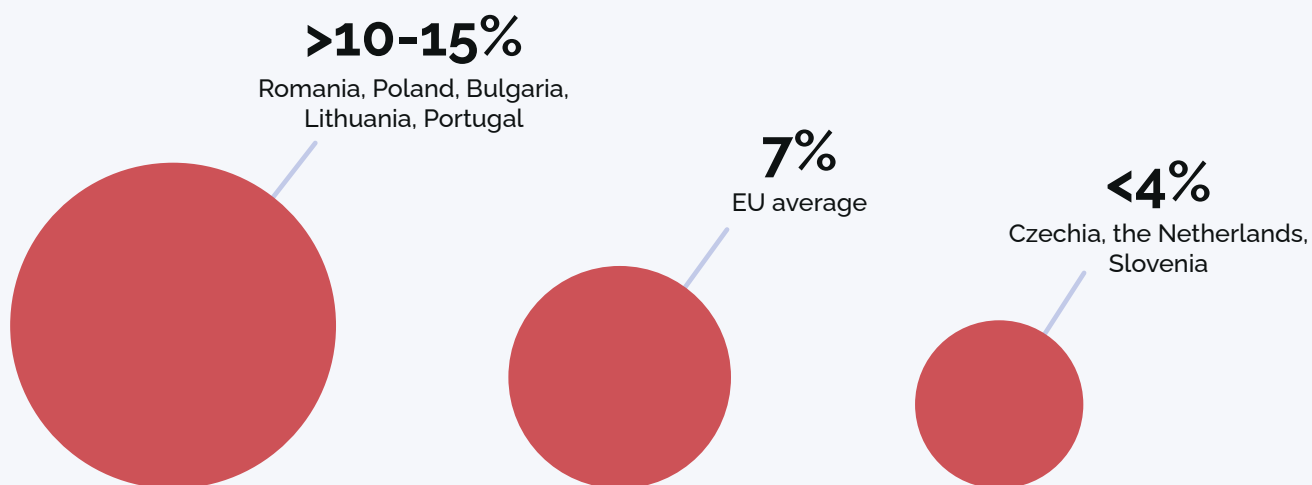
Source: Eurostat data (2021)



The share of workers earning around the minimum wage* varies significantly across countries.

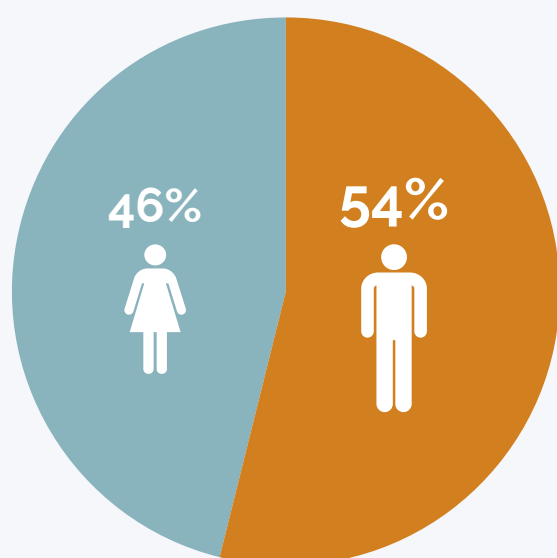
*no more than 10% above or below the minimum wage

Source: Eurofound based on EU-SILC (2019)

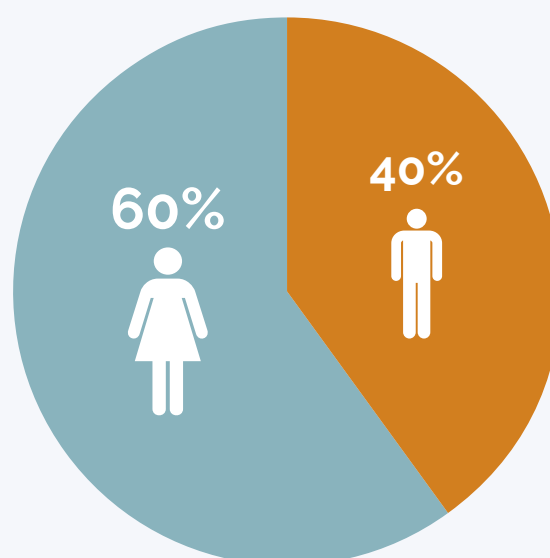


The majority of minimum wage earners are women, although women represent less than half of all employed people in the EU.

Source: Eurostat (2021) & Eurofound data



Share of women among the EU workforce



Share of women among workers earning around the minimum wage in the EU

Achieving a minimum wage in the EU that accounts for 60% of the national median wage requires varying levels of effort depending on the country.

Source: OECD data (2021)



The median wage is the level of earnings that divides workers into two groups of identical size, one half earning less and the other half earning more than the median wage.