

How can we improve living and working conditions in the EU: the role of minimum wage protection and collective bargaining

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Key facts: Directive on adequate minimum wages in the EU

- **Directive adopted:** October 2022
- **Legal basis:** Article 153 TFEU (working conditions)
- **Objective:** Improve minimum wage protection and strengthen collective bargaining across the EU
- **Transposition deadline:** 15 November 2024
- **Minimum wage systems in the EU:**
 - 22 Member States have statutory minimum wages
 - 5 Member States rely primarily on collective bargaining
- **Collective bargaining benchmark:** Member States with coverage below **80%** must prepare an **action plan to promote collective bargaining**
- **Indicative adequacy benchmarks mentioned in the Directive:**
 - 60% of the median wage
 - 50% of the average wage
- **Legal challenge:** Case **C-19/23 Denmark v Parliament and Council**

Session I: What are the aims of the Directive and how have they been impacted by the Court of Justice judgment in Case C-19/23 (Denmark v Parliament and Council)?

Ensuring fair wages is a key element of improving living and working conditions in the European Union. Adequate wage protection contributes to preventing in-work poverty, reducing inequalities and promoting upward social convergence across Member States.

Despite relatively high employment levels, in-work poverty remains a concern in the EU. According to Eurostat, around 8-9% of employed people in the EU are at risk of poverty despite being in employment¹. Wage-setting systems also differ considerably across the Union.

The European Parliament has repeatedly highlighted the importance of adequate wages in addressing inequalities and tackling in-work poverty. In its resolution of 10 February 2021 on

¹ Eurostat (2025), *In-work at-risk-of-poverty rate*, EU-SILC statistics.

reducing inequalities with a special focus on in-work poverty, the European Parliament called for a European framework to ensure fair minimum wages and stressed the important role of collective bargaining in promoting decent working conditions².

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A significant majority of Member States have statutory minimum wages, while Denmark, Italy, Austria, Finland and Sweden rely primarily on collective bargaining to determine wage levels³. At the same time, collective bargaining coverage varies significantly across Member States.

Against this background, the European Parliament and the Council adopted Directive (EU) 2022/2041 on adequate minimum wages in the European Union in October 2022⁴. The Directive aims to improve minimum wage protection and strengthen collective bargaining across the EU, while fully respecting national competences and the autonomy of social partners.

The Directive does not harmonise wage levels across Member States and does not require countries to introduce statutory minimum wages where wages are set exclusively through collective agreements. Instead, it establishes a framework aimed at promoting adequate minimum wage protection and improving workers' access to such protection.

For Member States with statutory minimum wages, the Directive introduces provisions designed to ensure that minimum wages are set and updated in a transparent and predictable manner. These include clear criteria guiding minimum wage setting, regular updates and the involvement of social partners. When assessing adequacy, Member States are encouraged to use indicative reference values commonly used at international level, such as 60% of the median wage or 50% of the average wage.

The Directive also places strong emphasis on collective bargaining. Evidence suggests that countries with higher collective bargaining coverage tend to display lower wage inequality and better working conditions⁵. To promote collective bargaining, the Directive requires Member States where coverage is below 80% to establish enabling conditions and prepare action plans aimed at increasing bargaining coverage.

The Directive was adopted on the basis of Article 153(1)(b) of the Treaty on the Functioning of the European Union (TFEU), which allows the EU to support and complement Member States' activities in the field of working conditions. However, Article 153(5) TFEU excludes EU

² European Parliament (2021), *Resolution of 10 February 2021 on reducing inequalities with a special focus on in-work poverty (2020/2260(INI))*.

³ Eurostat (2026), *Minimum wages in the EU – January 2026 update*

⁴ Directive (EU) 2022/2041 on adequate minimum wages in the European Union.

⁵ Eurofound (2024), *Industrial relations and collective bargaining developments in Europe*

competence in relation to pay, the right of association, the right to strike and the right to impose lock-outs.

In January 2023, Denmark brought an action before the Court of Justice of the European Union seeking the annulment of the Directive. Denmark argued that the Directive interferes with national wage-setting systems and indirectly regulates pay.

In November 2025, the Court of Justice delivered its judgment in Case C-19/23 (Denmark v Parliament and Council). The Court examined whether the Directive regulates pay directly - which would fall outside EU competence under Article 153(5) TFEU - or whether it establishes a framework aimed at improving working conditions while leaving wage determination to Member States and social partners.

In its judgment, the Court of Justice dismissed Denmark's request to annul the Directive in its entirety and confirmed that the Directive was adopted on an appropriate legal basis.

The Court also confirmed the validity of the provisions of the Directive relating to collective bargaining on wage-setting.

At the same time, the Court annulled parts of two provisions of the Directive. These concerned certain elements of the list of criteria to be taken into account by Member States with statutory minimum wages, as well as a provision establishing a prohibition on reducing minimum wages in cases where they are subject to automatic indexation mechanisms.

By its judgment the Court provided clarification regarding the scope of EU action in this area and the interpretation of Article 153 TFEU. It has also prompted renewed discussion about the role of EU social policy in promoting fair wages while respecting national labour market traditions and the autonomy of social partners.

This session will therefore aim to explore the objectives of the Directive and discuss the implications of the Court's judgment for EU social policy and national wage-setting systems.

Questions for discussion

- *How does the Court's judgment clarify the scope of EU competence regarding minimum wage protection and wage-setting?*
- *What implications could the ruling have for Member States with different wage-setting systems, including both those with statutory minimum wages and those relying primarily on collective bargaining?*
- *How can the EU promote adequate wages while respecting national labour market models and social partner autonomy?*
- *What lessons can be drawn for future EU initiatives in the field of social policy?*

Session II: Where do we stand with the implementation of the Directive?

Member States were required to transpose Directive (EU) 2022/2041 on adequate minimum wages in the European Union into national law by 15 November 2024. The implementation process is still ongoing across the European Union and reflects the diversity of national wage-setting systems.

In several Member States, transposition has involved amendments to national legislation governing statutory minimum wages. These reforms have focused in particular on introducing or clarifying the criteria used to assess minimum wage adequacy, improving the procedures for the regular updating of minimum wages, and strengthening the role of social partners in wage-setting processes⁶.

In Member States where wages are primarily determined through collective agreements, implementation has mainly focused on strengthening collective bargaining frameworks and ensuring that workers effectively benefit from wage protection through collective agreements.

Promoting collective bargaining is a central objective of the Directive. According to Eurofound estimates, around six in ten employees in the EU are covered by collective bargaining, although coverage varies widely across Member States⁷. Reflecting these differences, the Directive requires Member States where collective bargaining coverage is below 80% to establish a framework of enabling conditions and to prepare action plans aimed at promoting collective bargaining.

Around six in ten employees in the EU are covered by collective bargaining

Such action plans may include measures to strengthen the capacity of social partners, promote sectoral bargaining structures or improve institutional frameworks for social dialogue.

Recent research has also begun to examine the early stages of the Directive's implementation across Member States, including developments in wage-setting practices and collective bargaining systems⁸. Initial analyses indicate that the implementation process raises a number of practical and policy questions. These concern in particular the methods used to assess minimum wage adequacy, including the use of indicative reference values such as 60% of the median wage or 50% of the average wage, as well as the procedures used to update statutory minimum wages.

Another area receiving increasing attention concerns the measurement of collective bargaining coverage. Reliable and comparable data are important for determining whether the threshold set in the Directive - requiring action plans where coverage is below 80% - is reached. However, methodologies used to calculate coverage differ across Member States, which may affect how the Directive's requirements are applied in practice⁹.

Discussions have also focused on the design and content of national action plans to promote collective bargaining. These plans may include measures aimed at strengthening the capacity of social partners, supporting sectoral collective bargaining structures and improving institutional frameworks for social dialogue. In Member States where collective bargaining coverage is relatively low, these measures may require broader policy reforms.

⁶ Eurofound (2025), *Minimum wages in 2025: Annual review*.

⁷ Eurofound (2024), *Industrial relations and collective bargaining developments in Europe*.

⁸ Eurofound (2025), *Minimum wages: Trends and early impacts of the EU Directive*.

⁹ European Commission (2024), *Study on collective bargaining coverage and wage-setting mechanisms in the EU*.

The implementation process has also drawn attention to the challenge of ensuring that minimum wage protection effectively reaches workers in sectors with low bargaining coverage and in non-standard forms of employment, including temporary, platform or part-time work¹⁰.

Taken together, these developments illustrate that the implementation of the Directive is closely linked to broader questions concerning wage-setting institutions, the functioning of social dialogue and the role of collective bargaining in national labour markets.

This session will therefore aim to take stock of the current state of play of the Directive's implementation and to discuss national experiences, good practices and remaining challenges.

Questions for discussion:

- What progress has been made in the transposition and implementation of the Directive across Member States?
- What measures have proven most effective in strengthening collective bargaining coverage?
- What challenges remain in ensuring adequate minimum wage protection while maintaining economic competitiveness and employment?
- What role can national parliaments play in monitoring the implementation of the Directive?

¹⁰ Eurofound (2025), *Minimum wages: Trends and early impacts of the EU Directive*.