

GEOPA-COPA'S RESPONSE TO THE Second phase consultation of Social Partners under Article 154 TFEU on a possible action addressing the challenges related to fair minimum wages

Context

Geopa-Copa, the Employers' Group of Professional Agricultural Organisations in the European Union, has devoted itself to reinforcing the position of current and future farmers all over Europe. For that purpose, Geopa-Copa welcomes any proposal aiming to further consolidate the overall profitability of the sector, considering both employers' and employees' needs throughout all the stages of the agri-food chain.

The European Commission has stated, to this end, that “adequate wages are key for ensuring fair working conditions and decent living standards for European workers. Set through collective agreements or legal provisions, minimum wages help to protect low-wage workers and prevent in-work poverty”. In doing so, the European Commission acknowledges the importance of institutional dialogue among social partners that considers the specificities of each Member State regarding minimum wages.

The agricultural sector is without a doubt of great importance to the European Union. Our farmers' contribution is vital to providing Europeans with high-quality food products on a daily basis. However, the agricultural sector differs considerably from other sectors of the economy in that agri-food production is highly seasonal. In addition to this, adverse weather conditions can impinge significantly on the level and quality of production. These factors affect employers' demand for workers and thus the labour structure of the sector, making agricultural production heavily dependent on labour market flexibility.

Minimum Wages

At the beginning of this year¹, the European Commission launched the first phase of a public consultation for Social Partners on a possible action related to fair minimum wages. Following our collaboration with BusinessEurope, Geopa-Copa responded² to the questions on possible areas of action, how to address the identified issues and the existing European provisions regarding minimum wages.

Geopa-Copa stated that “any European action [on minimum wages] would disrupt the economic agricultural market, negatively affecting not only its sustainability but also an employer's possibility even to hire workers. The profitability margin of farmers is considerably lower than

¹ 14-01-2020 / C(2020) 83 final.

² 04-03-2020 [EA\(20\)1938 \(rev.2\)](#).

that of final food product retailers. Hence why a standardised approach to minimum wages would impose yet more burdens on food producers.”³

Geopa-Copa also highlighted that the European Union has no exclusive competence to introduce European minimum wages based on Article 153 (5) of the TFEU.

Second Phase Consultation

In June this year, the European Commission launched the second phase consultation on minimum wages, acknowledging the position of the unions as well as that of the employers. BusinessEurope, which represents Geopa-Copa and other European employers’ associations, contributed to the input that the European executive took into account.

The new consultation shows the European Commission's⁴ interest in taking legislative action on the file if the social partners decide not to negotiate between themselves on this topic. After discussing why minimum wages should be reinforced across Europe and guaranteeing that national traditions as well as the autonomy of social partners will be respected, the Commission asks four questions and advocates two possible legal instruments.

However, it is fundamental to highlight that the Commission assured the social partners that it is not the purpose of this initiative to harmonise minimum wages or to implement standard criteria to regulate them. In concrete terms, this institution aims to achieve:

- Well-functioning collective bargaining in wage-setting;
- National frameworks allowing for statutory minimum wages to be regularly updated;
- Effective involvement of social partners;
- A limit to exemptions on minimum wage variations;
- Effective compliance with national minimum wage frameworks.

These objectives do not clash with Geopa-Copa’s goals related to the sustainability of the agricultural sector. Nevertheless, it is still unclear how these overarching actions will translate into the European context. Only individual country analyses will reflect the specific impact of European legislation on the multiple agricultural subsectors along the food chain.

In this respect, Geopa-Copa will constructively answer the questions in this public consultation. Indeed, even if neither of these options can be avoided, the agricultural sector should at least promote the most favourable European action among the two that the Commission plans for the benefit of all workers and employers.

Questions

What are your views on the specific objectives of a possible EU action set out in section 5?

Section 5 relates to the consultation’s concrete policy objectives, which in general seek to “ensure that all workers in the Union are protected by a fair minimum wage, allowing for a decent living wherever they work.”⁵

Generally speaking, the European Commission looks to reinforce the role that social partners play at national level in adequately setting minimum wages. The role of the government should guarantee the same result. The initiative protects specific groups of vulnerable people against in-work poverty and economic instability.

Geopa-Copa agrees with the overall principles stated in the public consultation.

³ Idem.

⁴ “Ensuring that all workers in the EU earn a decent living is essential for the recovery as well as for building fair and resilient economies, and minimum wages have an important role to play”, 14-01-2020 / C(2020) 83 final, page 1.

⁵ 14-01-2020 / C(2020) 83 final, page 12.

What are your views on the possible avenues for EU action set out in section 6.1 of this document?

Section 6.1 features the building blocks of the initiative put forward by the Commission:

- Collective bargaining;
- Clear national frameworks to set and update statutory minimum wages;
- Involvement of social partners in statutory minimum wage setting;
- Exemptions and variations;
- Compliance and monitoring.

Farmers within the agri-food chain find themselves in a precarious situation and are facing increasing competition from third countries in terms of agricultural production. In light of this, Geopa-Copa reiterates that the role and competences of social partners are key to effectively adapting long-term policies into national and even regional legislative traditions.

To protect our farmers from unfair competition, Geopa-Copa also expresses the need for compliance and monitoring not only within the European Union but especially in relation to the signatory countries of free trade agreements. Most exemptions and variations regarding minimum wages also occur in these non-European countries. This affects the prices of their agricultural products when exported and causes disruptions within the single market.

What are your views on the specific objectives of a possible EU action set out in section 6.2?

Section 6.2 provides for two possible legal instruments to tackle the aforementioned challenges affecting minimum wages. The Commission is willing to take this consultation further either by setting a Directive or a Council Recommendation.

Both options would allow Member States to integrate concrete European objectives into their national frameworks. Nevertheless, while the Directive would set minimum obligatory requirements to be transposed, the Council Recommendation would offer policy guidance without setting mandatory requirements.

In light of the current economic crisis caused by the pandemic, Geopa-Copa opts for a Council Recommendation. Rather than increasing the burden on Member States, this would coordinate the implementation and monitor the results along with broader financial and social variables over the course of the European semester.

Are the EU social partners willing to enter into negotiations with a view to concluding an agreement under Article 155 TFEU with regard to any of the elements set out in section 5 of this document?

As stated during the first phase of the Social Partners consultation, Geopa-Copa does not seek to establish minimum wages as a topic for discussion at the Sectoral Social Dialogue for Agriculture.

Should the European Commission continue with the initiative, Geopa-Copa believes that a Council Recommendation would be of greater use than a Directive.