



European Cleaning and Facility Services Industry

EFCI's views on the Commission's proposal for a Directive on adequate minimum wages in the EU¹

The EFCI has examined the proposal for a Directive on adequate minimum wages in the EU presented on 28.10.2020. As a sector strongly engaged with Social Dialogue at national and European levels and committed to the continuous improvement of the working conditions of our employees, the EFCI considers that:

- **The proposed Directive is opening the door for political interference in wage-setting mechanisms and goes beyond the limits of Union action established in article 153 (5) TFEU.**

The proposed Directive may clearly interfere with well-functioning collective bargaining systems and the autonomy of Social Partners in many Member States. The proposal has been built on a top-down approach instead of putting the focus on capacity building, which needs to be prioritised, also at sectoral level.

The cleaning sector is precisely an example of how through strong social partners, engaged even in non-formalised sectorial social dialogue, great results can be achieved in wage negotiations that set salaries above national minimum wages. In this sense, we can highlight the relevant examples of Germany, Sweden, or Ireland.²

Further, while the Directive states that *"it does not contain measures directly affecting the level of pay"*, it does at the same time introduce a range of *"indicative references"* as to what an adequate minimum wage should be.³ As already mentioned, the setting of adequate minimum wages should be left to national collective bargaining and national legislators.

¹ EU – COMO (2020) 682 Final 2020/0310 (COD).

² In **Germany**, the recent agreement on minimum wages in the sector shows the crucial role of collective bargaining as the right instrument to set minimum wages. Through it, the wages in the cleaning sector (15% above the national minimum wage for the year 2020) will steadily increase, always above the statutory minimum wage until 2023. Furthermore, the industrial cleaning services sector in Germany is one of the first to end the East-West minimum wage differentiation in the country. In **Sweden**, the traditional collective bargaining systems have set the minimum sectoral wage above the 50% of the median national Swedish salaries whereas the **Irish** sectoral wage is set at 11% about the national minimum wage. Therefore, a European initiative to impose cross-sectoral minimum wages would interfere negatively in the wage schemes by undermining the key role of the Social Partners.

³ The Directive asks Member States to compare their legal minimum wage level (in the 21 EU countries where this exists) to a range of parameters including purchasing power, the general level of gross wages, wage progression, and labour productivity developments. The threshold of 60 percent of the national median wage and 50 percent of the national average wage serves as *"indicative reference"* as to what an adequate minimum wage should be.



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- **Not enough attention has been put in the sectoral impact of the proposal.**

While the proposal for a Directive refers to the challenges posed by COVID-19, it fails to consider the consequences of such an initiative on businesses. The EFCI fears that the implementation of the measures contained in the proposal may hinder recruitment in a sector that has doubled its number of employees during the last 20 years⁴ (from 2 million employees in 1995 to more than 4 million employees in 2018).

In labour-intensive sectors like ours, in which labour costs account for nearly 80% for companies and margins reach a maximum of a 3%, the sector may face strong difficulties to assume further challenges to the already difficult context they faced before the pandemic (specially for SMEs).

- **The Directive pursues shared objectives but is a blunt measure that should have been preceded by (i) a strong focus on capacity building at cross-sectoral and sectoral level, (ii) an increased effort in the fight against undeclared work and (iii) a decided shift from price to quality in public procurement.**

Putting the accent on quality criterion instead of the price-based focus that generally guide choices in public tendering is an urgent a necessary step forward for the procurement of services and specially in labour-intense sectors.

Further, European and national legislation must provide for contracts to adjust to changing circumstances, especially when it impacts labour costs directly (i.e. changes in collective agreements during the execution of contracts must not be solely assumed by contractors).

The EFCI will **actively engage with decision makers** to ensure that the above considerations, as well as the specific needs of the sector through the current crisis and the recovery phase are adequately tackled at European and national level.

Brussels, 6th November 2020

The **EFCI** is the voice of the European cleaning and facility services industry in Europe, bringing together associations representing the industry at national level. The cleaning and facility services sector is one of the major services industries in Europe, representing more than 280,000 companies employing nearly 4 million people. To know more, visit [EFCI's website](#) and consult [EFCI's political priorities](#).

⁴ From 2 million employees in 1995 to more than 4 million employees in 2018. To know more about the trends in the sector, please read EFCI's sectoral trend report 1995-2016 available [here](#).