



Promoting collective bargaining and adequacy of minimum wages in the EU after the CJEU judgment on AMWD

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Background

Collective bargaining is a key driver of better working conditions. Through social dialogue, it provides fair wages, reasonable working hours, and safe workplaces, while also helping to ensure that standards adapt to society and the economy. It benefits not only workers but also employers and the broader community by boosting productivity and stability.

To ensure these gains are accessible to all, actively promoting collective bargaining through policies, dialogue, and incentives is essential. Alongside the Adequate Minimum Wages Directive (AMWD), it is already a legal and policy expectation embedded in the EU acquis, from the European Pillar of Social Rights to the Pay Transparency Directive and numerous Council Recommendations, establishing a de facto obligation for Member States to strengthen collective bargaining systems.

The judgment of the Court of Justice of the European Union (CJEU) in case C-19/23 (Denmark v. Parliament and Council) has affirmed the validity and importance of Article 4 of Directive (EU) 2022/2041. **The CJEU's affirmation of Article 4 of the Directive makes it clear that both the EU and its Member States have the right and duty to promote collective bargaining as a way to improve working conditions.**

This reinforces the EU's mandate to promote collective bargaining as a legitimate objective. The ETUC urges EU institutions to build on this momentum.

The Court confirmed that Member States must establish enabling frameworks and, when coverage is below 80%, adopt Action Plans that do not interfere with national wage-setting autonomy and are fully compatible with the Treaties. Member States are therefore required to actively implement and strengthen the enabling frameworks and develop the action plans outlined in Article 4 (2), in close cooperation with social partners.

At the same time, EU institutions must complement these national efforts with coherent policies that support social dialogue and collective bargaining by using EU funds, public procurement, and socio-economic coordination tools. They should do so without overstepping national competences, but by fully exercising the EU's role to promote collective bargaining and social progress across the Union.

This is why the ETUC is calling for a new European framework to support and broaden collective bargaining.

The framework should incorporate concrete legal, institutional, and financial actions and practical tools to strengthen bargaining systems and expand coverage at sectoral and national levels. It should ensure coherent EU policies, funding mechanisms, and



governance structures that establish collective bargaining as a core pillar of fair wages, social progress, and sustainable economic development across Europe.

- **Strengthening collective bargaining in the upcoming Quality Job Roadmap.** ETUC calls for quality jobs ([ETUC resolution on Quality Jobs](#)) through legislative initiatives and with financial investments. The EU must deliver quality jobs, and it must include measures on strengthening collective bargaining within the EU.
- **Making the promotion of (sectoral) collective bargaining a permanent part of EU socio-economic coordination and surveillance by integrating it into the European Semester process,** since the implementation of the AMWD will also be carried out within the EU Semester framework.

The Joint Employment Report and Country Reports shall include overviews and analyses of collective bargaining coverage, wage formation, and the quality of industrial relations.

Country-Specific Recommendations (CSRs) for countries below a defined threshold, shall include recommended measures to strengthen social dialogue and collective bargaining. This shall be accompanied by a Social Scoreboard Update, adding a new indicator tracking collective bargaining coverage and progress on (eventual) national action plans.

Finally, the peer review process through the Employment Committee (EMCO) and the Social Protection Committee (SPC) in the EPSCO Council must be established to evaluate national progress. This would need to be complemented by a more prominent involvement of social partners at both national and EU levels, throughout all stages of the EU Semester process.

- **Tie access to certain EU funds** (e.g., current ESF+, Just Transition, Social Climate Fund, CAP, future NRP) **to measurable measures promoting collective bargaining** (such as developing national plans, social clauses, sectoral extension) or provide “preferential access/premiums” for projects that promote collective bargaining.

The framework should identify the obligation of countries with a collective bargaining coverage rate below 80% to present **national action plans** to strengthen collective bargaining **in order to access EU funds**.

The content of **national action plans**, as required in the AMWD, would be left to the discretion of Member States, in accordance with national traditions and practices, and respecting social partners' autonomy. However, they should meet certain minimum requirements, namely including a clear timeline and concrete measures to ensure that the rate of collective bargaining coverage increases progressively, after consulting the national social partners or by agreement with them; finally, the National Plans must be publicly accessible, reviewed at least every five years, and revised as necessary.

- **Ensuring capacity-building support for social partners in the MFF 2028-2034.** Each Member State should allocate an appropriate amount of social expenditure from its National and Regional Plan (NRP) to social partners for capacity building, **at least equivalent to the amount currently envisaged in the current ESF+.** Enhancing capacity building involves effectively utilising EU funds to strengthen social partner capabilities, which can include improving social dialogue, providing training, facilitating networking, offering legal support, and conducting sectoral research.
- **Introducing collective bargaining clauses in Public Procurement:** with the upcoming revision of the Public Procurement Directives, the EU must ensure that public money goes to organisations (and sub-contractors) that respect workers' and trade union rights, that negotiate with trade unions, and whose workers are



covered by collective agreements. Hence, establishing criteria to prefer suppliers applying collective agreements, and providing templates or checklists for contracting authorities.

- **Measure and monitor collective bargaining coverage** using an EU scoreboard that includes bargaining coverage, union density, and enforcement, in accordance with the OECD/AIAS ICTWSS database (updated annually or biennially). Combine this with regular reporting and reputational pressure on Member States – this will encourage governments to act and enable citizens to hold them accountable.
- **To include a headline target of 80% of collective bargaining coverage in the future Action Plan for the European Pillar of Social Rights**, in addition to the EU2030 Porto targets, as Principle 8 of the EPSR encourages social partners to negotiate and conclude collective agreements.
- **Ensure prompt and adequate follow-up of the "Val Duchesse Declaration" (2024) and the implementation of the Pact for European Social Dialogue (2025).** In particular, ensure the functioning of the **European Social Dialogue Envoy** as a mechanism to collect alerts where social dialogue or collective bargaining is under threat and to trigger remedial action.

The **European framework for promoting collective bargaining** is not about standardising wages or imposing one-size-fits-all approach. It aims to ensure that each Member State, working together with its social partners, takes responsibility for strengthening collective bargaining as a cornerstone of the European social market economy.

The CJEU judgment in Case C-19/23 confirmed that EU-level action to promote collective bargaining is a valid and essential provision of EU law, fully consistent with national autonomy and social partner independence. The EU must now use all available tools, including the European Semester, funding mechanisms, the Quality Jobs Roadmap, and future legislative and non-legislative initiatives **to ensure that every worker in Europe can benefit from the protection and stability provided by collective agreements.**

While the measures may differ according to national contexts, the goal remains the same:

- to strengthen existing sectoral bargaining systems where they already function effectively;
- to support the development of sectoral and cross-company structures where bargaining is fragmented or limited; and
- to establish collective bargaining as a key pillar of upward social convergence across Europe.

The CJEU ruling has clarified the legal space for EU action, and it is now time for the EU institutions, together with social partners, to turn that space into a coherent **European framework** that delivers strong EU legislation with binding minimum norms to better protect workers in the upcoming Quality Jobs Act, with stronger collective bargaining, fairer wages, and genuine **social progress and upwards social convergence** across all Member States.

Adequacy of Minimum Wages

Finally, **ensuring the adequacy of minimum wages** through collective bargaining and statutory minimum wages, where they exist, remains a key priority for the ETUC.

While the CJEU annulled Article 5(2), which outlined detailed criteria for assessing the adequacy of statutory minimum wages, it confirmed the other provisions of the Directive. One of the main elements retained is certainly Article 5(1), which states that the setting



and updating of statutory minimum wages shall be guided by **criteria** designed to ensure their **adequacy**, with the aim of achieving a decent standard of living, reducing in-work poverty, promoting social cohesion, fostering upward social convergence, and reducing the gender pay gap.

Minimum wages are considered to be adequate if they are fair in relation to the wage distribution within the relevant Member State and if they ensure a decent standard of living for workers.

This means that, as stated in Article 5(4), Member States shall use **indicative reference values** commonly employed internationally, such as the minimum wage set at **60% of the gross median wage** and/or **50% of the gross average wage** (so-called “the double decency threshold”). These benchmarks remain valuable analytical tools for guiding fair statutory minimum wage setting and ensuring that minimum wages protect workers from in-work poverty, now reinforced by a Court judgment recognising their political significance.

However, to address the removal of article 5(2), it is now essential and appropriate to clarify and provide guidance to Member States on ensuring adequate statutory minimum wages that guarantee a decent standard of living and promote upward wage convergence across Europe. Therefore, the **ETUC urges the EU Commission to put forward recommendations with possible criteria to guide Member States to achieve adequacy of statutory minimum wages**. The ruling of the CJEU confirms that the EU remains competent to act on minimum wage adequacy, provided it does not impose mandatory requirements on Member States. Recommendations and guidelines, legally non-binding, are thus a suitable instrument to establish indicative adequacy criteria. Such measures would fully respect national competences while effectively complementing the AMWD.

A useful approach for assessing adequacy involves examining the provision of a decent standard of living, which could be achieved by establishing a **basket of goods and services** to determine the cost of living in the Member States and how these compare to minimum wage levels.

The basket of goods and services should, eventually, be established at the national level, with full participation from trade unions and employers’ organisations. Besides essential items like food, clothing, transport, and housing, consideration should also be given to the need for involvement in cultural, educational, and social activities.

This approach could be used to ensure that minimum wages, set at least at the level of the double decency threshold, are truly high enough to afford the basket of goods and services needed to guarantee a decent living standard. It paves the way for the concept of a **living wage**, as established through the agreement reached during a Meeting of Experts on wage policies at the **ILO** in February 2024, and endorsed by the ILO’s Governing Body in March 2024.

Statutory minimum wages should not merely guarantee basic subsistence levels, as this would reduce them to a bare safety net rather than a foundation for a decent life. Minimum wages must be genuine living wages - enabling essential needs to be met, providing a decent standard of living, facilitating participation in society, and offering resilience against unforeseen shocks. Anchoring minimum wages in living-wage principles, especially after the CJEU removed the macroeconomic criteria, is crucial to prevent wage floors from falling below dignity and adequacy.

