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Contribution concerning the European Commission's proposed directive on pay transparency (COM(2021) 93)

The Danish Parliament has debated the Proposal for a Directive of the European Parliament and of the Council to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

The Danish Parliament believes that the proposals do not have a bearing on subsidiarity.

A majority in the Danish Parliament (The Social Democratic Party and The Liberal Party) agree with the principle that men and women should have equal opportunities and that pay should not be gender-specific. The parties accede to the intention of the Commission's proposal to strengthen equal pay through pay transparency. The parties note that, although the Danish Equal Pay Act has prohibited unequal pay for the same work or work of equal value since 1976, equal pay has yet to be achieved in the Danish labour market. The parties welcome initiatives that encourage equal pay. However, the parties believe that the promotion of equal pay should not jeopardise the Danish labour market model or prevent the social partners from entering agreements on pay and working conditions.

The parties support the EU equal pay principle and effective enforcement thereof, and they believe it is important to combat pay inequality based on gender by means of e.g. encouraging transparency and information on men and women's pay and strengthening efforts to achieve equal pay at all levels. Meanwhile, the parties are concerned that the proposal may have adverse consequences for market-driven wage setting. They are also worried about the proliferation of detail in the new EU proposal, as it flies in the face of the Danish labour market model and places a needless burden on the business community.

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In Denmark, the social partners regulate pay and working conditions. They do so by means of collective agreements, in which there is neither government nor parliamentary involvement. This is a strong, time-honoured tradition. The Danish Model is flexible and adaptable with regard to labour market conditions. It produces appropriate pay increments and a balance between the interests of the social partners. It is imperative that the EU proposals include instruments that acknowledge the Danish Model.

The parties seek to protect and preserve the Danish Model, including the role and autonomy of the social partners with regard to their continuing to set pay and working conditions that are adapted to the evolution of the Danish labour market. Therefore, the parties have many grave concerns with regard to whether this comprehensive and detailed proposal, including its very detailed provisions regarding enforcement and monitoring, is in line with the proportionality principle.

The parties are prepared to work towards implementing new initiatives via collective agreements, and believe it is imperative that individual provisions of the EU proposal safeguard more broadly not only the various national models, but also a diversity of labour market players.

The directive will have legislative and financial repercussions on both state and business economics, due to the administrative burdens it can be expected to impose on the business community. The parties urge the Commission to focus on adapting the requirements to ensure that they correlate better with the Danish set-up, i.e. to reduce the administrative burden on public authorities, employers and the business community. In this respect, we refer to more stringent demands with regard to data collection and pay monitoring.

A minority in the Danish Parliament (The Socialist People's Party and The Unity List) supports the Commission's desire to promote equal pay through transparency and enforcement as measures to protect employees from pay discrimination because of gender.

The parties note that, since 1976, the Danish Equal Pay Act has prohibited employers from paying unequal pay for the same work or work of the same value although in practice very little has been achieved, especially with regard to combating that part of pay inequality related to work of the same value. The parties welcome any instrument that can eradicate structural inequality and bias that predominate at the organisational level, and perpetuate underestimation of work performed primarily by women.



However, the parties believe that the promotion of equal pay should not jeopardise the Danish labour market model or prevent the social partners from entering agreements on pay and working conditions.

A minority in the Danish Parliament (The Danish People's Party) is unable to support the proposal because it believes that the social partners should be responsible for establishing equal pay – not an EU directive.

The party believes that such matters should be resolved by means of labour market agreements in the individual Member States. The party believes therefore that the proposal contravenes the subsidiarity principle.

If the EU seeks to pass the proposal, the Member States whose social partners by tradition negotiate and reach agreement on pay, should be exempted.

Yours sincerely,

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