



# **Statutory minimum wages in the EU – 2018: First findings**

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*This article provides information on statutory minimum wages. The focus is on the 22 Member States having a statutory minimum wage in place in 2018.*

## Which EU countries apply a statutory minimum wage?

In 2018, 22 out of the 28 EU Member States apply a generally binding statutory minimum wage. In Cyprus, a statutory minimum wage exists but is limited to specific occupations. In the remaining five EU Member States (Austria, Denmark, Finland, Italy and Sweden), while there is no statutory minimum wage, the minimum wage level is de facto set in (sectoral) collective agreements. It is important to note that the coverage of these agreements varies between countries and, as some employees are not covered, they may not be entitled to any minimum wage. According to an [article by Garnero et al \(2015\)](#), the combination of sectoral minima and high collective bargaining coverage can be regarded as the functional equivalent of a binding statutory minimum wage, at least for earnings inequalities.

The focus of this article is on those countries having a generally applicable statutory minimum wage.

Statutory minimum wage exists and is (almost) generally applicable	Belgium, Bulgaria, Croatia, Czech Republic, Estonia, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, United Kingdom
Statutory minimum wage exists but is applicable only in specific occupations	Cyprus
Non-statutory minimum wages are only established in collective agreements	Austria, Denmark, Finland, Italy, Sweden

Source: Eurofound's Network of European Correspondents

## How high are statutory minimum wages in 2018?

There is a huge variation in the statutory minimum wage rates valid at 1 January 2018 across EU Member States. These can be divided into three groups:

**High-range countries with minimum wage rates of around €1450 or more.** This group includes affluent Member States located in the west of the Union: Belgium, France, Germany, Ireland, Luxembourg, Netherlands and the UK.

**Mid-range countries with minimum wage rates of between €650 and €900.** This group includes the southern EU Member States: Greece, Malta, Portugal, Slovenia and Spain.

**Low-range countries with minimum wage rates of around €500 or less.** This group is composed entirely of the new EU Member States in the eastern part of the Union: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia.

Table 1 shows the nominal rates in national currency as well as converted to euros and adjusted to the average monthly amount. The highest adjusted minimum wage was observed in Luxembourg and reached almost €2,000. Bulgaria had – at €260.8 – the lowest minimum wage rate, comprising about one-eighth of the Luxembourg level. The Bulgarian rate is relatively low – even compared to other low-range countries – and the second lowest rate (in Romania) is €407.3.

**On 1 January 2018, the statutory minimum wage in Luxembourg was in nominal terms 7.7 times higher than in Bulgaria.**

**Table 1: Nominal levels of statutory minimum wage applicable in the EU Member States in 2018\***

	Country	Effective since	Level of minimum wage in national currency	Period	Converted monthly minimum wage in EUR
High-range	Luxembourg	01 January 2017	1998.59 EUR	Month	1998.6
	Ireland	01 January 2018	9.55 EUR	Hour	1614.0
	Netherlands	01 January 2018	1578 EUR	Month	1578.0
	Belgium	01 June 2017	1562.59 EUR	Month	1562.6
	France	01 January 2018	1498.47 EUR	Month	1498.5
	Germany	01 January 2017	8.84 EUR	Hour	1497.8
	United Kingdom	01 April 2018	7.83 GBP	Hour	1462.6
Mid-range	Spain	01 January 2018	735.9 EUR	Month	858.6
	Slovenia	01 January 2018	842.79 EUR	Month	842.8
	Malta	01 January 2018	172.51 EUR	Week	747.5
	Greece	14 February 2012	586.08 EUR	Month	683.8
	Portugal	01 January 2018	580 EUR	Month	676.7
Low-range	Poland	01 January 2018	2100 PLN	Month	502.6
	Estonia	01 January 2018	500 EUR	Month	500.0
	Slovakia	01 January 2018	480 EUR	Month	480.0
	Czech Republic	01 January 2018	12200 CZK	Month	477.3
	Croatia	01 January 2018	3438.8 HRK	Month	462.5
	Hungary	01 January 2018	138000 HUF	Month	444.1
	Latvia	01 January 2018	430 EUR	Month	430.0
	Romania	01 January 2018	1900 RON	Month	407.3
	Lithuania	01 January 2018	400 EUR	Month	400.0
	Bulgaria	01 January 2018	510 BGN	Month	260.8

Source: Eurofound's Network of European Correspondents

Note: The conversion to EUR has been carried out on the basis of the exchange rates on 1 January 2018. The conversion to the monthly amount was made using the data provided by Eurostat. In Greece, Portugal and Spain, the conversion takes into account 14 monthly payments per annum. In the UK, the figure refers to the National Living Wage valid per 1 April 2018. The converted monthly rate is an approximation calculated using last year's mean basic paid hours per week.

[Country-specific recommendations](#) for France and Portugal in 2017 concerned the relatively high level and the coverage of the minimum wage in these two countries, given their potentially negative implications for employment (especially for low-skilled workers). At the same time, the Portuguese recommendations noted that minimum wage increases have contributed to reducing high levels of in-work poverty and may have positively impacted on the aggregate demand.

As pointed out in a [paper by the European Commission](#), the cross-country differences in minimum wages contract if the minimum wage is expressed in purchasing power standards (PPS). The adjustment for price levels partly evens out the gaps between low-range, mid-range and high-range countries that were identified when minimum wages were ranked in euro terms. In 2017, the highest minimum wages in PPS was applicable in Luxembourg (€1,615.3). This was 'only' 3.3 times more than the Bulgarian minimum wage in PPS (€491.4).

**Table 2: Statutory minimum wages in EU Member States in PPS in the second semester of 2017**

	Country	Minimum wage in PPS
High-range	Luxembourg	1615.3
	Germany	1446.2
	Belgium	1431.6
	Netherlands *	1402.7
	France	1369.4
	Ireland	1254.3
	United Kingdom *	1209.8
Mid-range	Slovenia	986.1
	Spain	901.9
	Malta	899.7
	Greece	792.9
	Portugal	771.1
Low-range	Poland	866.6
	Hungary	687.3
	Slovakia	639.8
	Romania	625.4
	Czech Republic	621.3
	Estonia	618.5
	Croatia	612.4
	Lithuania	599.8
	Latvia	536.9
	Bulgaria	491.4

Source: Eurostat, variable *earn\_mw\_cur*, extracted on 23 January 2017

Note: PPS = purchasing power standards. Data in countries with \* refer to the first semester of 2017. The countries are sorted according to the level of monthly minimum wage in PPS from the highest to the lowest in their category.

Remarkably, workers in one EU country may be entitled to more monthly minimum wage payments than workers in another. The table below summarises the annual entitlements of employees in EU Member States. The converted monthly minimum wage as shown in Table 1 takes into account the fact that workers in Greece, Spain and Portugal are entitled to 14 monthly wage payments.

**Table 3: How many minimum wage payments is an employee entitled to per year?**

<b>Bulgaria, Croatia, Czech Republic, Estonia, France, Hungary, Latvia, Lithuania, Luxembourg, the Netherlands (excluding statutory holiday pay), Romania, Slovakia and Slovenia</b>	(generally) 12 minimum wage payments
<b>Belgium</b>	If workers receive a 13th month payment, the total amount of what the worker earns in a year is divided by 12 to see if the worker is at least paid the minimum wage.
<b>Poland</b>	Only employees hired in the public sector (excluding the armed forces, police and other uniformed services) are statutorily entitled to 13 wage payments. Private sector employees get 13 payments only if this is specified in the company's regulations.
<b>Greece</b>	Employees in the private sector in Greece are entitled to 14 monthly wage payments. Employees in the public sector are entitled to 12 monthly wage payments.
<b>Portugal and Spain</b>	Employees are entitled to 14 monthly wage payments per year. In Spain, there are two 'extraordinary' payments allocated: one in June and the other one in December
<b>Germany, Ireland, Malta and United Kingdom</b>	The minimum wage is set per hour or per week, not as a monthly rate.

Source: Eurofound's Network of European Correspondents

### Did statutory minimum wages increase in 2018?

Of the 22 countries under review, 18 (19) countries experienced a growth in the statutory minimum wage between 1 January 2017 and 1 January 2018 in real (nominal) terms.

The growth rate in the nominal and real minimum wage level in the 12 months up to January 2018 was highest in the low-range countries. With a real increase of 50.4% (and nominal increase of 52%) between 1 January 2017 and 1 January 2018, Romania is clearly in the top position. The country's rate substantially outstripped Bulgaria's rate – which it once approximated – to attain the nominal levels of minimum wage in other low-range countries. Some analysts claim that this pace of growth has not been supported by a corresponding productivity growth and is harming the country's competitiveness. But it is important to mention that the increase from 1 January 2018 compensates employees for the transfer of payment of some contributions from employers to employees.

**Between 1 January 2017 and 1 January 2018, Romania's nominal minimum wage grew by a staggering 52%.**

Four other low-range countries (Bulgaria, the Czech Republic, Latvia and Slovakia) had a fast-paced growth in the real minimum wage rate exceeding 8% (10% in nominal terms). The pace of growth in all other low-range countries was at least 2.5% in real terms (5% in nominal terms). The only exception was Lithuania, where the relatively high growth of consumer prices devaluated the 5.3% nominal growth of minimum wage to a mere 1.5% in real terms.

The growth of the minimum wage of low-range countries was not matched by the majority of mid-range or high-range countries, where nominal minimum wages grew more cautiously. Slovenia, Ireland and Spain had the highest real increases in their groups of about 2% or more. In contrast, Belgium, Germany, Greece and Luxembourg saw the real value of the statutory minimum wage decrease. The real decrease was highest in Luxembourg (2.1%). In terms of the nominal minimum wage rate, this did not change in Germany, Greece and Luxembourg. A decrease in the nominal statutory minimum wage was not observed in any EU country.

**Table 4: Increase in the nominal and real level of statutory minimum wage between 1 January 2017 and 1 January 2018**

Country		Nominal change	Real change
High-range	Luxembourg	0.0%	-2.1%
	Ireland	3.2%	2.9%
	Netherlands	1.7%	0.4%
	Belgium	2.0%	-0.2%
	France	1.2%	0.1%
	Germany	0.0%	-1.7%
	United Kingdom	4.4%	1.7%
Mid-range	Spain	4.0%	1.9%
	Slovenia	4.7%	3.1%
	Malta	1.6%	0.3%
	Greece	0.0%	-1.1%
	Portugal	4.1%	2.5%
Low-range	Poland	5.0%	3.3%
	Estonia	6.4%	2.6%
	Slovakia	10.3%	8.8%
	Czech Republic	10.9%	8.3%
	Croatia	5.0%	3.6%
	Hungary	8.2%	5.7%
	Latvia	13.2%	10.0%
	Romania	52.0%	50.4%
	Lithuania	5.3%	1.5%
	Bulgaria	10.9%	9.6%

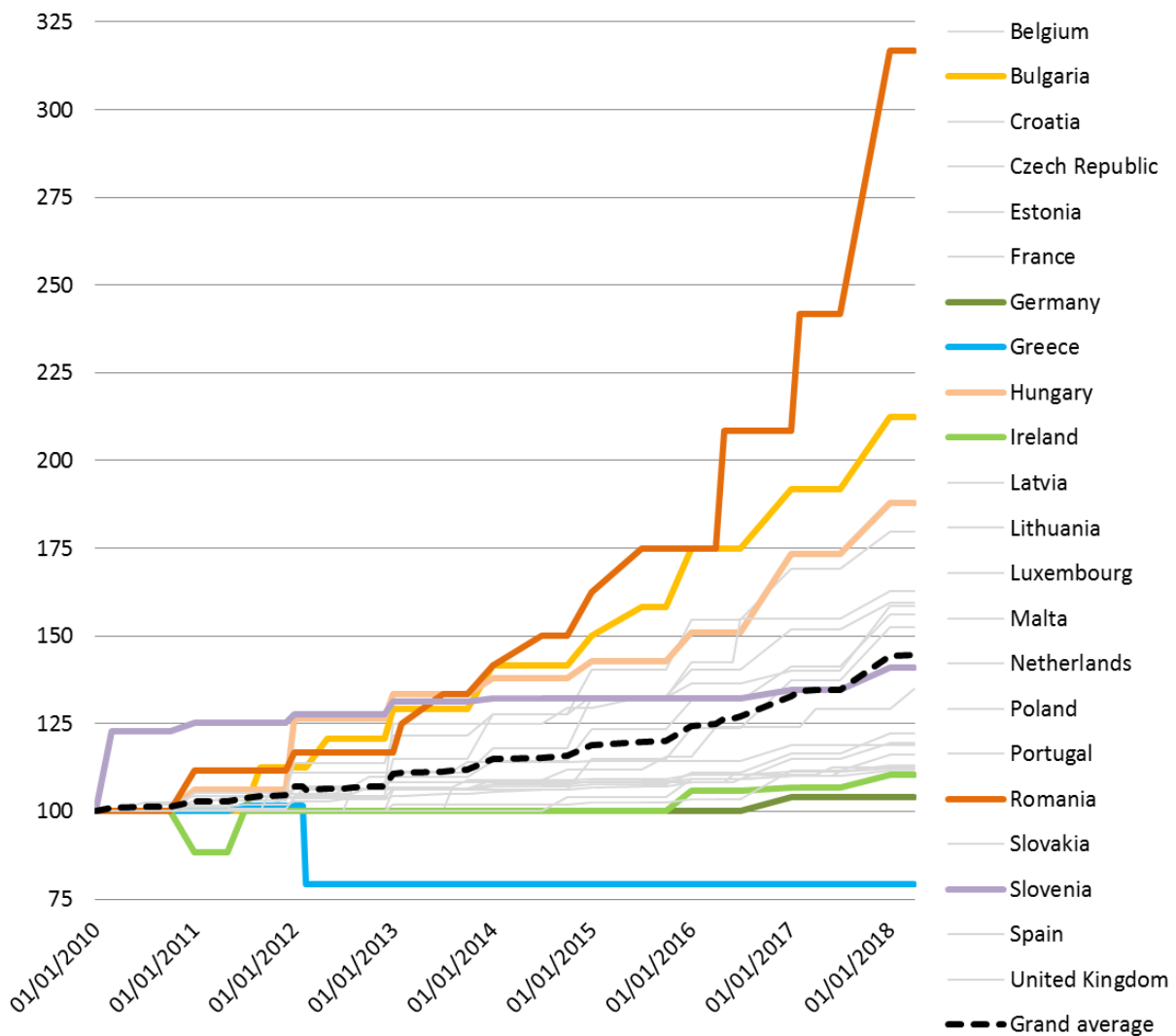
Source: Eurofound's Network of European Correspondents

Note: The countries are sorted from highest to lowest according to the rate of adjusted monthly minimum wage. In the UK, the increase refers to the period between 1 April 2017 and 1 April 2018. The real change has been calculated using the annual average of harmonized index of consumer prices for year 2017 by Eurostat (prc\_hicp\_aind).

It is natural to wonder if these developments reflect longer term tendencies. Over the past eight years, the nominal level of statutory minimum wages have grown in all EU countries, with the exception of Greece, where it is now lower than in 2010 (by about 20%). Ireland was a country having the second slowest growth (even though Germany’s index is lower due to the statutory minimum wage being introduced only in 2015). The highest growth was recorded in Romania (217%), Bulgaria (113%) and Hungary (88%). In Slovenia, the minimum wage has in fact stagnated in recent years, after having experienced fast growth in the beginning of the decade. Cumulatively over the past eight years, it did not even attain the grand average of all the EU countries with a statutory minimum wage.

**Figure 1: Statutory minimum wage development since 2010 in EU Member States (nominal)**

Index 2010 = 100



Source: Eurofound’s Network of European Correspondents

Note: In the UK, the figures given for 2010–2015 refer to the full adult rate of the National Minimum Wage (then applicable to workers aged 21 and above). From April 2016, the figure refers to the National Living Wage, applicable to workers aged 25 and above. The EU average is calculated as a non-weighted arithmetical average of national coefficients.



When accounting for the development of consumer prices, Romania's minimum wage growth still holds the top position as it almost tripled over the past eight years. Considerable growth in the real minimum wage of around 40% or more took place in all the low-range countries, with the exception of Croatia (12.3%). None of the mid- or high-range countries experienced this high real minimum wage growth. The highest real rate growth in these groups was recorded in Slovenia (31%), the UK (12%) and Portugal (9%). Greece was the only country which experienced a drop in the real statutory minimum wage in 2018 as compared to 2010 (by almost a quarter, 22.2%).

**Table 5: Change in the statutory minimum wage in nominal and real terms between 1 January 2010 and 1 January 2018**

	Country	Nominal growth	Real growth
High-range	United Kingdom	29.3%	11.8%
	Luxembourg	18.8%	6.3%
	Ireland	10.4%	6.1%
	France	11.5%	3.4%
	Netherlands	12.1%	1.8%
	Belgium	12.6%	-0.3%
	Germany	4.0%	-5.1%
Mid-range	Slovenia	41.1%	30.6%
	Portugal	19.6%	9.1%
	Spain	16.2%	7.5%
	Malta	13.3%	1.8%
	Greece	-20.8%	-22.2%
Low-range	Romania	216.7%	177.8%
	Bulgaria	112.5%	105.7%
	Hungary	87.8%	63.3%
	Estonia	79.9%	51.4%
	Poland	59.5%	45.8%
	Lithuania	62.9%	44.2%
	Latvia	58.4%	43.0%
	Slovakia	56.0%	41.8%
	Czech Republic	52.5%	37.0%
	Croatia	22.2%	12.3%

Source: Authors' calculation based on Eurofound's Network of European Correspondents and Eurostat

Note: Countries are sorted according the real growth rate from highest to lowest in each group. The nominal minimum wage rates were converted to real terms by using the average annual HICP index (*prc\_hicp\_aind*) for the period 2010 to 2017 (included) as updated by Eurostat on 19 January 2018. The figure for Germany refers to development since the introduction of statutory minimum wage in January 2015.

While the growth rates of the minimum wage may seem relatively high in low-range countries, one may ask how long would it take until their minimum wage catches up with the levels of high-range countries. If the growth rate of nominal statutory minimum wages is extrapolated from the period 2010–2017 and applied to the converted monthly minimum wage rate (see above), it would not be until the mid-2040s that at least half of the current low-range countries match the minimum wage

levels applicable in the current high-range countries. This means that the current differences in statutory minimum wage across the EU Member States might not disappear in the short run. Significantly, this scenario did not take into account economic or political cycles, changes in productivity nor exchange rates. Furthermore, the growth rates observed in some countries (for example, Romania) are not likely to continue.

For more country-specific information and analysis, please consult the [full report](#) (PDF) which will be available shortly on the Eurofound website (PDF).

You can find more information on minimum wage statistics on the [Eurostat website](#).

## Annexes

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