

MINIMUM WAGES 2007

Variations from 92 to 1570 euro gross per month

Statistics
in focus

POPULATION AND
SOCIAL CONDITIONS

71/2007

Author

Pierre REGNARD

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In twenty Member States of the European Union (Belgium, Bulgaria, Spain, Estonia, Greece, France, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Czech Republic and the United Kingdom) and one candidate country (Turkey), collective bargaining is subject to a statutory national minimum wage. The other Member States do not have a statutory national minimum wage.

In January 2007, statutory minimum wages across the various countries varied between 92 and 1570 euro gross per month

Figure 1 shows the minimum wage levels in the Member States (MS), one candidate country and the USA in January 2007. Among the Member States, the gross minimum wage varied from 92 euro (Bulgaria) to 1570 euro (Luxembourg). For the candidate country, the minimum wage was 298 euro in Turkey.

The countries can be divided into three groups based on the level of minimum wage. The first group includes Turkey, as well as 9 of the 20 Member States (Bulgaria, Romania, Latvia, Lithuania, Slovakia, Estonia, Poland, Hungary and Czech Republic). The minimum wage in this group was between 92 and 298 euro on 1 January 2007. The second group comprises five Member States (Portugal, Slovenia, Malta, Spain and Greece) with a minimum wage between 470 and 668 euro. The third group comprises 6 Member States (France, Belgium, the Netherlands, United Kingdom, Ireland and Luxembourg) in which the minimum wage is above 1250 euro.

In the USA the Federal minimum wage is 676 euro.



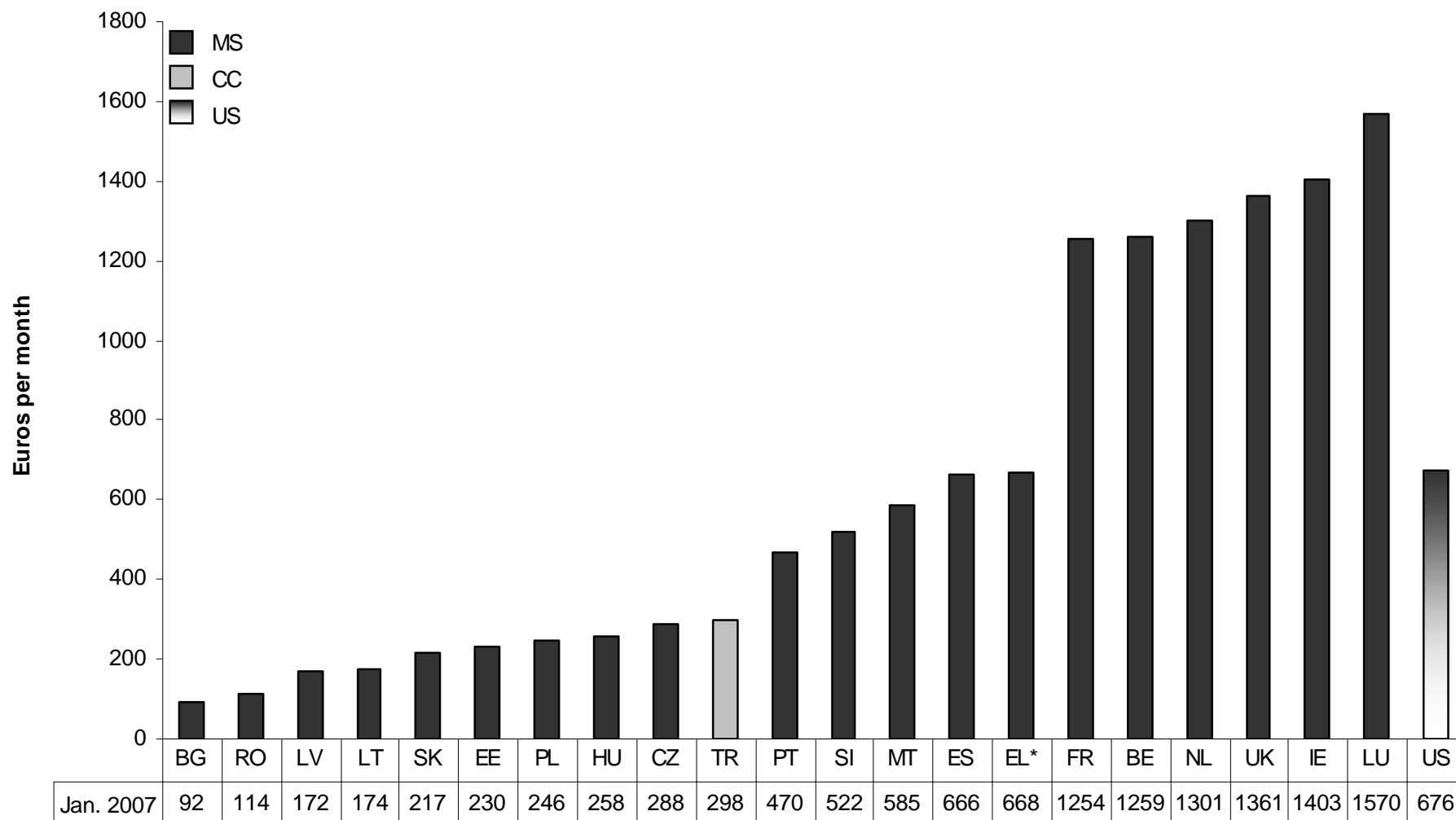


Figure 1: Minimum wages in certain EU Member States (MS), one candidate country (CC) and the USA, January 2007, in euro

*: July 2006 data

Source: Eurostat, database on minimum wages.

The gap is considerably smaller when expressed in purchasing power parities

Figure 2 compares the minimum wages after removing the effect of price level differences by applying Purchasing Power Parities (PPPs) to households' final consumption expenditure.

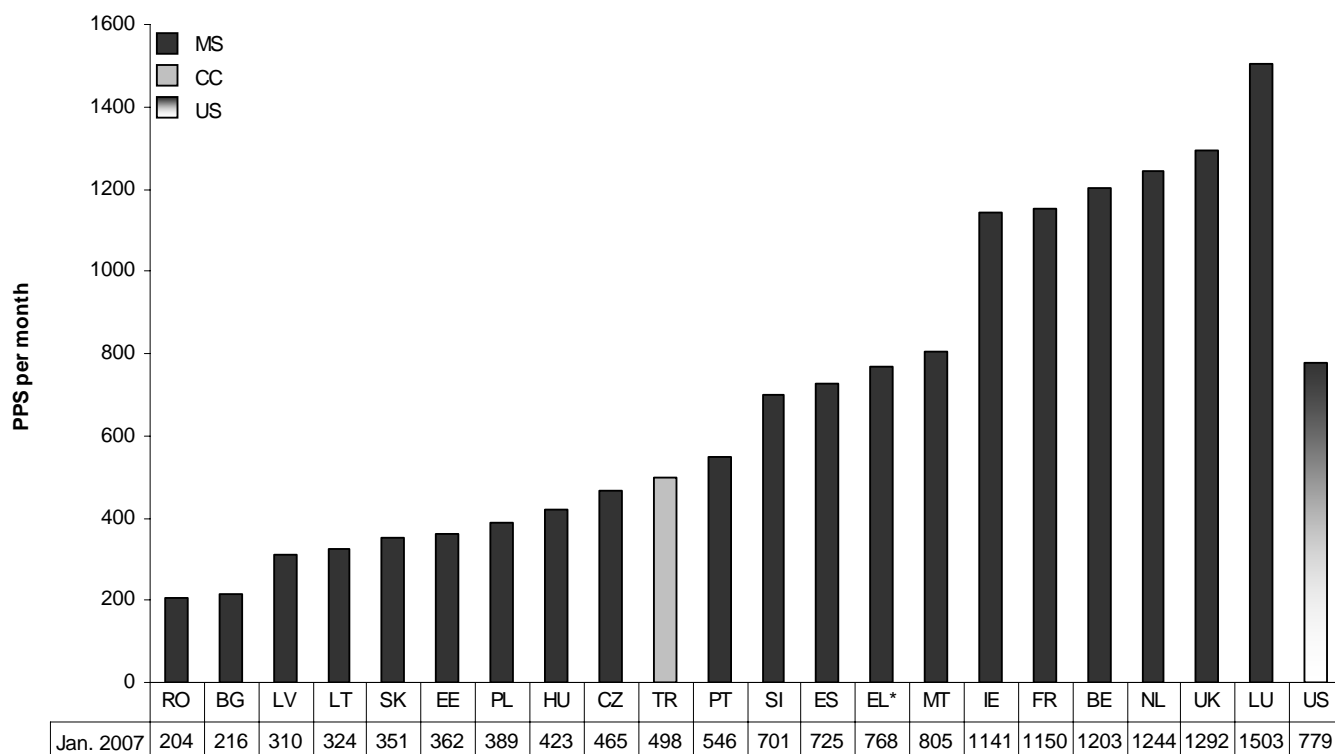


Figure 2: Minimum wages in certain EU Member States (MS), one candidate country (CC) and the USA, January 2007, in PPS

* : July 2006 data

Source : Eurostat, database on minimum wages.

The countries' rankings shown in Figure 1 (minimum wages expressed in euro per month) remain virtually unchanged when the monthly minimum wages are expressed in Purchasing Power Standards (PPS).

However, differences in the levels of the monthly minimum wages are markedly smaller when expressed in PPS rather than euro. In particular, removing price level differences between the countries has the effect of

increasing the purchasing power of the minimum wage in all the Member States except those in group 3 (high minimum wages). In the Member States the minimum wage in euro (Figure 1) ranged from 92 to 1570 euro in January 2007, which represents a factor of approximately 1:17. In contrast, the minimum wage in PPS (Figure 2) ranged from 204 to 1503, a factor of approximately 1:7.

The average annual growth of the minimum wage in euro is between 1% and 18% among the Member States

Table 1 shows the minimum wages in euro (EUR), in national currency (NAC) and in Purchasing Power Standards (PPS) in January of each year.

	NAC				EUR				PPS			
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006 (p)	2007 (p)
BE	1186	1210	1234	1259	1186	1210	1234	1259	1138	1161	1184	1203
EL	605	668	668	668 (j)	605	668	668	668 (j)	711	785	785	768 (j)
ES	537	599	631	666	537	599	631	666	615	685	722	725
FR	1173	1197	1218	1254	1173	1197	1218	1254	1086	1108	1128	1150
IE	1073	1183	1293	1403	1073	1183	1293	1403	872	961	1050	1141
LU	1403	1467	1503	1570	1403	1467	1503	1570	1322	1383	1417	1503
NL	1265	1265	1273	1301	1265	1265	1273	1301	1202	1202	1210	1244
PT	426	437	450	470	426	437	450	470	497	510	510	546
UK	761	832	862	916	1083	1197	1269	1361	1061	1160	1202	1292
CZ	6700	7185	7570	8000	207	235	261	288	382	409	431	465
EE	2480	2690	3000	3600	159	172	192	230	252	273	305	362
LV	80	80	90	120	121	116	129	172	213	213	240	310
LT	430	500	550	600	125	145	159	174	228	265	292	324
HU	53 *	57 *	63 *	66 *	189	232	247	258	340	366	401	423
MT	233	241	249	251	542	557	580	585	727	752	776	805
PL	824	849	899	936	177	205	234	246	347	358	379	389
SI	111 *	118 *	123 *	522	471	490	512	522	615	648	676	701
SK	6080	6500	6900	7600	148	167	183	217	277	296	314	351
BG	120	150	160	180	61	77	82	92	143	179	191	216
RO	2800 *	2800 *	330	390	69	72	90	114	160	160	189	204
TR	423 **	489 **	531	563	240	240	331	298	412	476	517	499
US	893	893	893	893	727	666	753	676	779	779	779	779

* : in thousands of NAC ** : in millions of NAC (p) : provisional (j) : July 2006

Table 1: Minimum wages in certain EU Member States, certain candidate countries and the USA, 2004-2007, in national currencies, in euro and in PPS.

Source : Eurostat, database on minimum wages.

Based on the euro, the annual increase in the minimum wage ranges from 1% in the Netherlands to 18% in Romania.

Based on PPS, the annual increase in the minimum wage ranges from -4% in the Czech Republic to 10% in Romania.

For all countries, except for the Czech Republic (increase based on the euro 3%, increase based on

PPS 7%), Latvia (increase based on the euro 12%, increase based on PPS 13%) and Slovenia (increase based on the euro 3%, increase based on PPS 4%), the annual increase based on the euro is higher than that based on PPS.

The proportion of full-time employees earning the minimum wage varies considerably from country to country and is generally higher among females

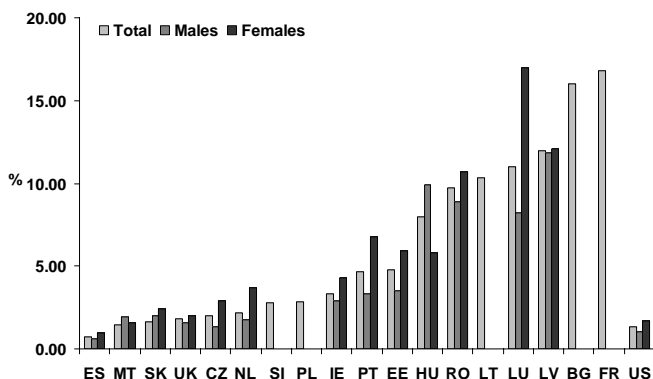


Figure 3: proportion of full-time employees earning the minimum wage in certain EU Member States and the USA, in 2005.

Source : Eurostat, database on minimum wages.

As Figure 3 shows, the percentage of full-time employees earning the minimum wage is markedly different between countries and is generally higher among females.

In Spain, Malta, Slovakia, the United Kingdom, the Czech Republic, the Netherlands, Slovenia and Poland, this percentage was below 3%.

In Ireland, Portugal, Estonia and Hungary, the percentage was between 3% and 8%.

In Romania, Lithuania, Luxembourg and Latvia, the percentage was between 8% and 12%.

Finally, for Bulgaria and France, the percentage was above 16 %.

In the United States, the percentage of employees earning the minimum wage was 1.3 %.

The percentage of females earning the minimum wage is higher than the corresponding percentage for males in all countries except two, namely Malta and Hungary.

The minimum wage level is between 33% and 52% of average gross monthly earnings in industry and the services sector

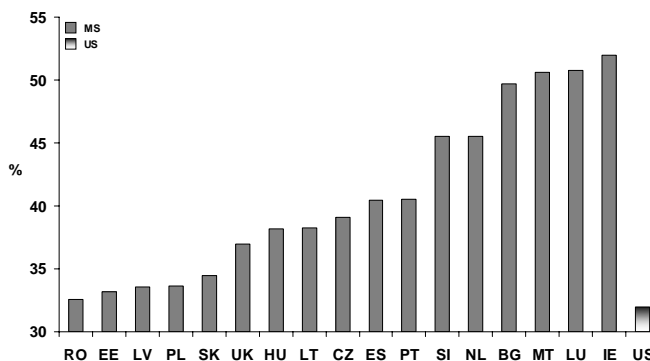


Figure 4: minimum wage as a percentage of average gross monthly earnings in industry and the services sector in certain EU Member States and the USA, in 2005.

Source : Eurostat, database on minimum wages.

In most countries the monthly minimum wage is less than 50% of average gross earnings. The only exceptions are Malta, Luxembourg and Ireland, where the monthly minimum wage is more than 50% of average gross earnings.

The countries can be divided into four groups.

Romania, Estonia, Latvia, Poland and Slovakia form the first group, in which the monthly minimum wage is less than 35% of average gross monthly earnings.

The second group is composed of the United Kingdom, Hungary, Lithuania, the Czech Republic, Spain and Portugal, where the minimum wage is between 36% and 41% of average gross monthly earnings.

The third group is made up of Slovenia and the Netherlands, where the minimum wage is between 45% and 46% of average gross monthly earnings.

The final group is composed of Bulgaria, Malta, Luxembourg and Ireland, where the minimum wage is above 49% of average gross monthly earnings.

Synthesis table of statutory minimum wages in the EU and in the United States (Situation as at 1 January 2007)

	BE	CZ	EE	EL	ES	FR	IE	LT
Year of introduction	1975	1991	1991	1991	1980	1970	2000	1991
Coverage	Private sector employees aged 21 or over	All employees	All employees	All employees aged 19 or over (non-manual workers) or 18 or over (manual workers)	All employees irrespective of age	All employees aged 18 or over	Experienced adult employees ²	All employees
Method of setting	Negotiation by social partners	Set by government based on negotiation by social partners	Set by government	Annual negotiation by social partners	Set by government	Set by government	Set by government based on recommendations of social partners or Labour Court	Set by government
Method of updating	Automatic indexation + periodic review	Set by government, usually once a year	Set by government based on recommendations of social partners	Annually, based on government forecasts of inflation	Set by government, usually once a year	Automatic indexation + annual review	Set by government based on recommendations of social partners or Labour Court	Set by government based on recommendations of the competent institutions
Type of rate	Monthly	Monthly and hourly	Monthly and hourly	Monthly (for non-manual workers), daily (for manual workers).	Monthly and daily	Hourly	Hourly	Monthly and hourly
Statutory level in national currency¹	1 259.00 EUR per month	8 000.00 CZK per month	3 600.00 EEK per month	572.30 EUR per month	570.60 EUR per month	1 254.00 ³ EUR per month	8.30 EUR per hour	600.0 / 442.0 ⁴ LTL per month
		48.10 CZK per hour	21.50 EEK per hour	25.57 EUR per day	19.02 EUR per day	8.27 EUR per hour		3.66 / 2.62 ⁴ LTL per hour
In force since	01.01.2007	01.01.2007	01.01.2007	01.09.2004	01.01.2007	01.07.2006	01.05.2007	01.01.2007
	LV	LU	HU	MT	NL	PL	PT	SI
Year of introduction	1991	1973	1988	1974	1969	1990	1974	1995
Coverage	All employees	All employees aged 18 or over	All employees	All employees	All employees aged 23 or over	All employees	All employees irrespective of age	All employees
Method of setting	Set by government based on recommendations of social partners	Set by government	Set by government based on recommendations of social partners	Set by government	Set by government	Set by government based on negotiation by social partners	Set by government	Set by government based on negotiation by social partners
Method of updating	Set by government based on recommendations of social partners	Automatic indexation + periodic review	Set by government based on recommendations of social partners	Automatic indexation	Twice a year	Once or twice a year, based on government forecasts of inflation	Annually, based on government forecasts of inflation	The min. wage is set by Act implementing the wage policy agreement adopted on the basis of the social agreement between the social partners
Type of rate	Monthly and hourly	Monthly	Monthly	Weekly	Monthly	Monthly	Monthly	Monthly
Statutory level in national currency¹	120.00 LVL per month	1 570.28 EUR per month	65 500.00 HUF per month	57.88 MTL per week	1 300.80 EUR per month	936.00 PLN per month	403.00 EUR per month	521.83 EUR per month
In force since	01.01.2007	01.01.2007	01.01.2007	01.01.2007	01.01.2007	01.01.2007	01.01.2007	01.08.2006
	SK	UK	BG	RO	TR	US		
Year of introduction	1991	1999	1990	1990	1936	1938		
Coverage	All employees aged 16 or over	All employees aged 16 or over	All employees	All employees irrespective of age	All employees aged 16 or over	<i>Employees of private enterprises with business > \$500,000 a year, or in smaller firms engaged in interstate commerce, or in federal, state or local government</i>		
Method of setting	Set by government based on recommendations of social partners	Set by government based on recommendations of social partners	Set by government based on recommendations of social partners and taking account of State budgetary restrictions	Set by government after consultation with the social partners	Set by the Minimum Wage Committee, composed of representatives of the government, workers and employers	<i>Set by government</i>		
Method of updating	Set by government based on recommendations of social partners – annual updating	Set by government based on recommendations of social partners	Set by government based on recommendations of social partners and taking account of State budgetary restrictions	Set by government after consultation with the social partners	Generally each year (at least every two years)	<i>Periodic review</i>		
Type of rate	Monthly and hourly	Hourly ⁵	Monthly and hourly	Monthly	Monthly	<i>Hourly⁶</i>		
Statutory level in national currency¹	7 600.00 SKK per month	5.35 GBP per hour	180.00 BGN per month	390.00 RON per month	562.50 TRL per month	<i>5.15 US \$ per hour</i>		
In force since	01.10.2006	01.10.2006	01.01.2007	01.01.2007	01.01.2007	<i>01.09.1997</i>		

ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Statutory monthly minimum wages

Minimum wages are enforced by law and apply nationwide to the majority of full-time employees in each country. Other minimum wages can be applied for certain groups taking into account the employee's age, length of service, skills or physical and mental capabilities, or the economic conditions affecting the enterprise. In Greece, the minimum wage published in this article applies for non-manual workers; a different rate applies for manual workers.

Minimum wages are gross amounts, that is, before the deduction of income tax and social security contributions. Such deductions vary from country to country. A comparison based on the net wage can affect the relative position of the countries, depending on the family situation assumed.

For most countries, the minimum wage is agreed in terms of a monthly rate. For some countries (e.g. France, Ireland, United Kingdom, USA) the minimum wage is fixed at an hourly rate. For purposes of comparison, the hourly rates for these countries have been converted to a monthly rate, using the following factors:

- France: 35 hours x 52 weeks divided by 12;
- Ireland: 39 hours x 52 weeks divided by 12;
- United Kingdom: 39.4 hours x 52 weeks divided by 12;
- United States: 40 hours x 52 weeks divided by 12.

These factors are supplied directly by the Member States concerned.

In addition, when the minimum wage is paid for more than 12 months per year (as in Spain and Greece where it is paid for 14 months a year), data have been adjusted to take these payments into account.

The minimum wages as at 1 January 2007 are given in euro. For the non-euro zone countries, the minimum wages in their national currencies were converted into euro by applying the monthly average exchange rate in December 2006.

Purchasing Power Parities (PPPs) and the Purchasing Power Standard (PPS)

To remove the effect of differences in price levels between the countries, special conversion rates called Purchasing Power Parities (PPPs) have been used. The year used for these PPPs is the last one currently available, i.e. 2005. In particular, PPPs for household final consumption expenditure in each country were used to convert the minimum monthly wages expressed in national currencies to an artificial common unit called the Purchasing Power Standard (PPS). The resulting minimum wages effectively show the purchasing power of the minimum wages.

Synthesis table of statutory minimum wages in the European Union and in the United States (Situation as at 1 January 2007)

¹ **All countries** Rate applied to employees having reached a certain age (see under "Coverage"). In certain countries, the Netherlands for example, different minimum rates are applied to young persons.

² **IE** Employees aged under 18 years, or in their first job, or following a structured training scheme, may be paid at special rates below the statutory national minimum wage.

³ **FR** Guaranteed monthly wage for employees who have worked 35 hours per week since 01.07.2002.

⁴ **LT** The monthly minimum income of LTL 442 and the hourly minimum wage of LTL 2.62 have been set for certain groups of employees (national politicians, judges, national civil servants, civil servants and soldiers).

⁵ **UK** Workers aged 22 or over.

⁶ **US** Employees aged under 20 years may be paid a wage below the statutory minimum wage, namely a wage of 4.25 \$ per hour, for their first 90 consecutive days of work for an employer.

Further information:

Data: [EUROSTAT Website/Theme: Population and social conditions/Data](#)

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