

Statutory minimum wages in the EU 2017

Introduction	3
Member States in which statutory minimum wage applies	3
Level of statutory minimum wage	3
Nominal increases in minimum wage.....	5
Real increases in minimum wage	6
Determination of statutory minimum wages for 2017	8
Recent debates about minimum wage	14
Minimum wages for specific groups	19
Coverage of minimum wages	20
Non-compliance with minimum wage legislation	22
Countries lacking general statutory minimum wage	23
Conclusions.....	24
List of contributors	25
Annex.....	26

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Introduction

In January 2017, European Commission President [Jean-Claude Juncker stated that there should be a minimum wage](#) in every EU Member State. The European Commission is preparing a reform of the EU's functions, which it will present in advance of celebrations for the 60th anniversary of the Treaty of Rome, at a summit in Rome on 25 March 2017. It is understood that these proposals may closely relate to the level and setting of statutory minimum wages. This article provides information on statutory minimum wage levels, how the minimum wage has been determined for the year 2017 and minimum wage coverage across the EU. In 22 out of 28 EU Member States, a generally applicable statutory minimum wage exists; the level of this minimum wage varies greatly from one country to another. From the data, it can be seen that the minimum wage grew more over the year preceding 1 January 2017 than the year before.

Member States in which statutory minimum wage applies

The term 'minimum wages' refers to various legal restrictions of the lowest rate payable by employers to workers. Statutory minimum wages are regulated by formal laws or statutes. This article investigates the statutory minimum wages generally applicable in a given country and not limited to specific sectors, occupations or groups of employees.

In January 2017, some 22 out of 28 EU countries apply a generally binding statutory minimum wage. In the majority of EU Member States where there is no statutory minimum wage (Austria, Denmark, Finland, Italy and Sweden), 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 have any minimum wage.

General statutory minimum wage in place	No general statutory minimum wage applicable
Belgium, Bulgaria, Croatia, Czech Republic, Estonia, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, UK	Austria, Cyprus, Denmark, Finland, Italy, Sweden

Source: EurWORK Network of European Correspondents

Level of statutory minimum wage

The level of statutory minimum wages greatly varies between EU countries. As of 1 January 2017 (unless indicated otherwise), the lowest minimum wages (usually less than €500 per month) are found in the new Member States (NMS). Of these, Bulgaria applies the lowest monthly minimum wage in the EU – BGN 460 (€235). Immediately following is Romania, which from 1 February 2017 will apply a monthly minimum of RON 1,450 (€322). Two of the NMS – Malta and Slovenia – form a middle group, together with Portugal, Greece and Spain, in which the minimum wage ranges between €500 and €1,000 per month. Of the EU15, Portugal has the lowest monthly statutory minimum wage. Notably, in Greece (only the private sector), Portugal and Spain, employees are entitled to 14 monthly wage payments per year; in many other Member States they receive 12 monthly minimum wages. A majority of the EU15 have the highest minimum wages, exceeding €1,000 per month: the highest – in Luxembourg (€1,999 per month) is 8.5 times the Bulgarian minimum (Table 1).

Table 1: Nominal levels of statutory minimum wage in selected EU Member States, 2017

Country	Date effective	Level	Reference period	Equivalent in euro
Belgium	01 June 2016	€1,531.93	Month	1,531.93
Bulgaria	01 January 2017	BGN 460.00	Month	235.62
Croatia	01 January 2017	HRK 3,276.00	Month	436.91
Czech Republic	01 January 2017	CZK 11,000.00	Month	407.64
Estonia	01 January 2017	€470.00	Month	470
France	01 January 2017	€1,480.27	Month	1,480.27
Germany	01 January 2017	€8.84	Hour	8.84
Greece	14 February 2012	€586.08	Month	586.08
Hungary	01 January 2017	HUF 127,500.00	Month	412.91
Ireland	01 January 2017	€9.25	Hour	9.25
Latvia	01 January 2017	€380.00	Month	380
Lithuania	01 July 2016	€380.00	Month	380
Luxembourg	01 January 2017	€1,998.59	Month	1,998.59
Malta	01 January 2017	€169.76	Week	169.76
Netherlands	01 January 2017	€1,551.60	Month	1551.60
Poland	01 January 2017	PLN 2,000.00	Month	454.52
Portugal	01 January 2017	€557.00	Month	557
Romania	01 February 2017	RON 1,450.00	Month	321.17
Slovakia	01 January 2017	€435.00	Month	435
Slovenia	01 January 2017	€804.96	Month	804.96
Spain	01 January 2017	€707.60	Month	707.60
UK	01 April 2017	GBP 7.50	Hour	8.80

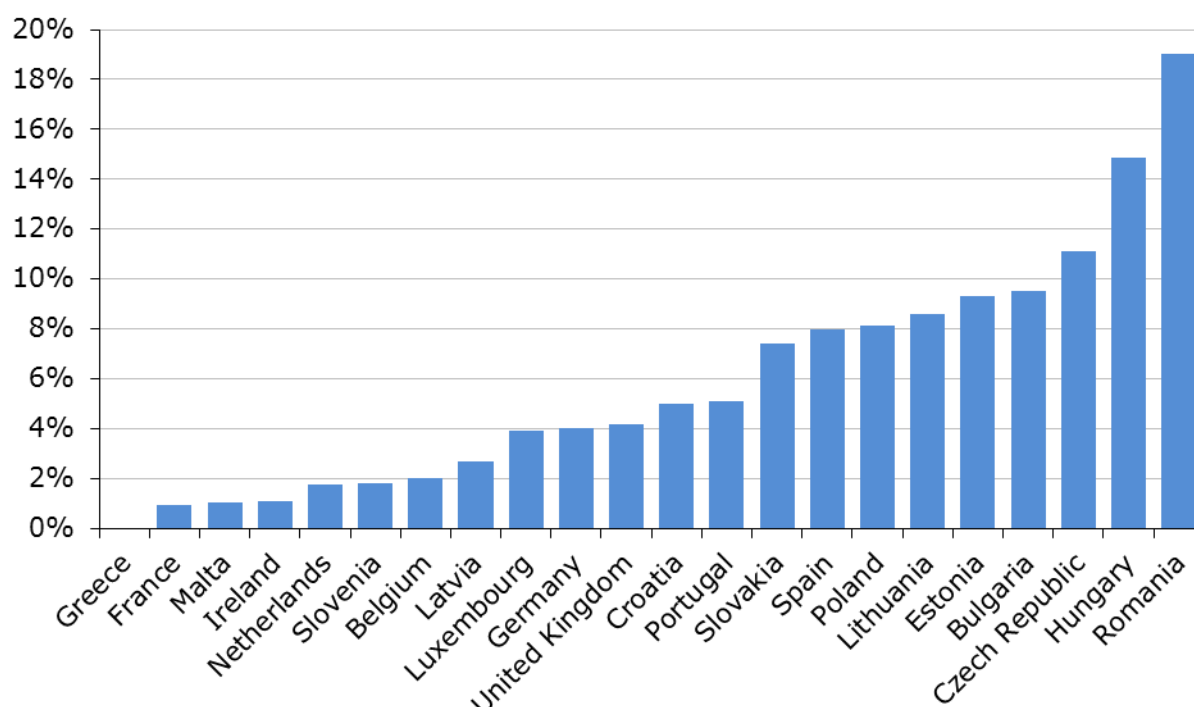
Note: The conversion to euro has been done with the exchange rates as of 1 January 2017. For Romania and the UK, the agreed increased minimum wage rates have already been presented. As of 1 January 2017, the minimum wage in Romania was RON 1,250 (€277 as at 25 January 2017) and the National Living Wage in the UK was GBP 7.20 (€8.37). For France, a 'month' represents 151.67 hours of work, based on the 35 hours working time regulation.

Source: Eurofound's Network of European correspondents

Nominal increases in minimum wage

The growth in minimum wage this year has accelerated as compared with last year. Of 22 countries with a minimum wage, 15 applied greater increases over 2016–2017 than 2015–2016. Between January 2016 and January 2017, the NMS generally experienced a more pronounced growth in statutory minimum wages than the majority of other EU countries (Figure 1). If the minimum wage on 1 January 2017 is compared with that of one year previously, Romania, Hungary and the Czech Republic had the highest increases – 38%, 15% and 11% respectively. (The increase for Romania refers to the period 1 January 2016 to 1 February 2017.) Of the EU15, the minimum wages grew most in Spain (by 8%). In contrast, the minimum wage did not change in Greece, where it was first cut and then remained unchanged since 2012. In France and Malta, the minimum wage rose by about 1% in both 2015 and 2016. In June 2016, Belgium’s minimum wage grew (by 2%) for the first time since December 2012.

Figure 1: Increase in nominal level of statutory minimum wage, 1 January 2016 to 1 January 2017



Note: In Romania, the wage of RON 1,450 RON is valid as of 1 February 2017. The reported increase in the UK refers to the increase in the National Living Wage between 1 April 2016 and 1 April 2017.

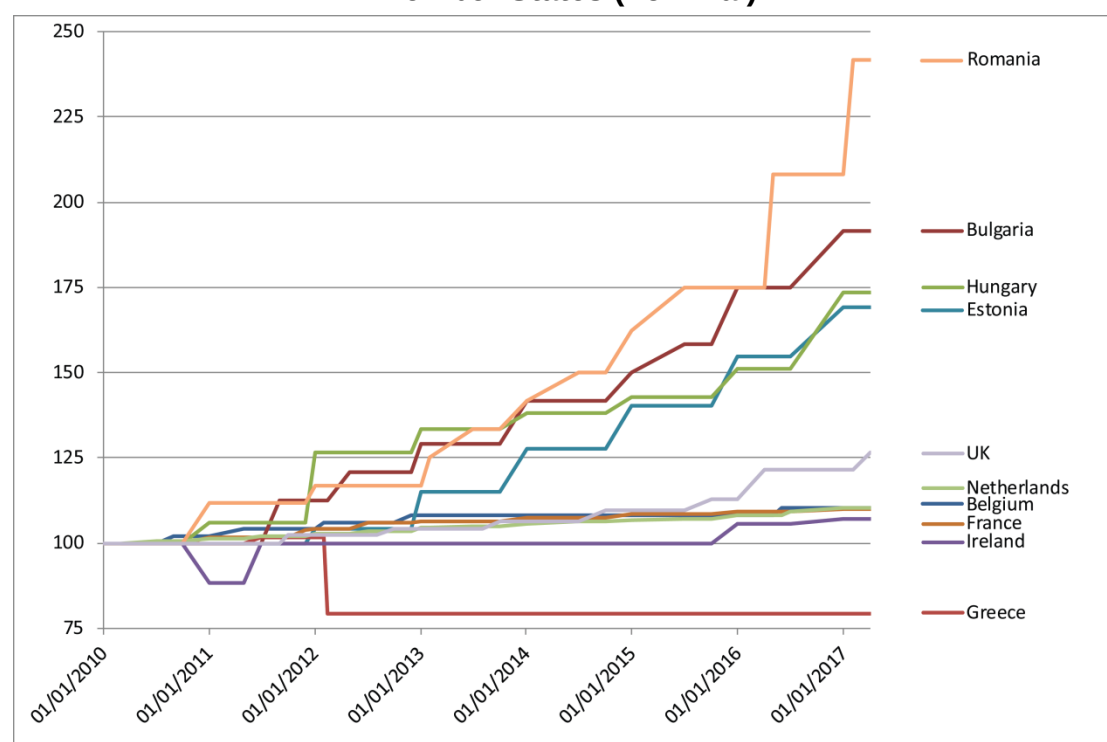
Source: Eurofound's Network of European correspondents

In **Slovenia**, the definition of what falls under the minimum wage has been changed. From January 2016, three allowances paid for working unfavourable hours (for night work, Sunday work and work on public holidays) have been exempted from the minimum wage and henceforth paid separately. With a one-year delay (at the end of 2016), the tax legislation was also changed to follow the change in the minimum wage legislation. Recipients of the minimum wage, often working unfavourable hours, will from 2017 onwards once again be in a tax-neutral position, as against the period prior to the exclusion of the above-mentioned allowances from the minimum wage.

It is also worthwhile looking at the development of the minimum wage over a longer period. As Figure 2 shows, nominal developments in the statutory minimum wage since 2010 differ considerably across countries. Over the seven-year period, the minimum wage grew most in

Romania (by 142%), Bulgaria (92%), Hungary (73%) and Estonia (69%). It is important to mention that these countries started with relatively low minimum wages in 2010; moreover, that the convergence with high-income countries is still far from over, as can be seen from the comparison of the minimum wage rates in Table 1. Of the EU15, the UK experienced the biggest growth in the minimum wage (26%). This was in large part due to introduction of the National Living Wage, which replaces the national living wage for workers aged 25 or more. Countries with the most modest growth over the observed period were Ireland (rise of 7%), France (10%), and the Netherlands and Belgium (both 10%). Greece is the only Member State in which the minimum wage now is lower than that of 2010 (by about 20%). The statutory minimum wage also temporarily decreased (by about 12%) in Ireland – in 2011 – but was restored to its original level within six months. In January 2015, Germany introduced a statutory minimum wage for the first time.

Figure 2: Statutory minimum wage development since 2010 in selected Member States (nominal)



Note: The index, 2010, is equal to 100.

Source: EurWORK Network of European correspondents

Real increases in minimum wage

The change in the statutory minimum wage should be viewed in the context of changing price levels. For this reason, the **real** changes in the statutory minimum wage over the period 1 January 2010 to 1 January 2017 have been calculated. As shown in Table 2, after this calculation, Bulgaria, Romania, Hungary and Estonia still have the greatest increases in the minimum wage: these range between 23% in Estonia and 84% in Bulgaria. However the real rates are considerably lower than the nominal ones. Of the EU15, Luxembourg saw the highest increase in the real terms (by almost 5%). In four countries, however, minimum wages **decreased** in real terms: the Netherlands (by -0.7%), Malta (-1.4%), Belgium (-4.3%) and Greece (-24%). Overall, across the EU, the minimum wage is in real terms growing more

slowly in the EU15 than in the NMS, indicating convergence between the two groups over the medium term.

Table 2: Change in statutory minimum wages in real terms between 1 January 2010 and 1 January 2017

Country	Change	Country	Change
Belgium	-4.3%	Lithuania	39.0%
Bulgaria	83.6%	Luxembourg	4.8%
Croatia	7.0%	Malta	-1.4%
Czech Republic	24.6%	Netherlands	-0.7%
Estonia	42.9%	Poland	38.3%
France	1.3%	Portugal	4.3%
Germany	N/A	Romania	79.1%
Greece	-24.3%	Slovakia	29.3%
Hungary	50.1%	Slovenia	23.5%
Ireland	3.1%	Spain	1.1%
Latvia	26.8%	United Kingdom	4.6%

Note: The scale ranges between blue (the greatest decrease) to orange (the greatest increase). The nominal minimum wage rates were converted to real terms using the monthly HICP index (prc_hicp_midx) for the period January 2016 to December 2016, as updated by Eurostat on 19 January 2017.

Source: Own calculation using data from Eurofound's Network of European correspondents and Eurostat.

Comparing the minimum wage levels across countries may be misleading because in a given year employees in one country may be entitled to more monthly minimum wages than in another. Table 3 summarises the annual entitlements of employees across the EU.

Table 3: Annual entitlement of monthly minimum payments, by country

Bulgaria, Croatia, Estonia, France, Hungary, Latvia, Lithuania, Luxembourg, Netherlands (excluding statutory holiday pay), Slovenia	12 minimum wage payments
Belgium	If workers receive a payment for a 13th month, the worker's annual total earnings for the year are divided by 12 to see if the worker is at least paid the minimum wage.
Czech Republic, Germany, Slovakia	Full-time employees are entitled to 12 monthly minimum wages per year. Collective agreements can state a conditional 13th and 14th wage.
Greece	The employees in the private sector in Greece are entitled to 14 monthly wages (12 monthly wages plus 1 wage on Christmas, ½ wage at Easter and ½ wage as holiday allowance). The employees in the public sector are entitled to 12 monthly wages.
Poland	Only employees hired in the public sector (excluding armed forces, police and other uniformed services) are statutorily entitled to 13 wages.
Portugal and Spain	Employees are entitled to 14 monthly wages per year. For example, in Spain there are two 'extraordinary' payments considered – one in June and the other in December.
Romania	No legal specification
Ireland, Malta and UK	The minimum wage is set per hour or per week, not as a monthly rate.

Source: Eurofound's Network of European correspondents.

Determination of statutory minimum wages for 2017

The setting of the minimum wage varies across the EU Member States and changes over time. This section will provide more information on how the minimum wage rates known as at 1 January 2017 were determined.

Tripartite partners or social partners are actively involved or consulted about the level of the minimum wage in the majority of Member States (with the exception of the Netherlands, where an automatic mechanism is in place – Table 4). In several of the NMS, the tripartite partners or social partners were not able to agree on the minimum level of the minimum wages for 2017; this meant that the levels were ultimately determined by the government. This was the case in Croatia, the Czech Republic, Poland and Slovakia. In the latter three countries, the same had happened in previous years. The growth of the minimum wage was closely linked to the indexation mechanism a number of countries – Belgium, France, Luxembourg, Malta, the Netherlands and Romania. Similarly, in Poland, the minimum wage was determined with respect to indexation. Independent expert committees exercise influence on the determination of the minimum wage in France, Germany, Ireland and the UK. (For Germany, this was the first time it had been done; for Ireland, the second time). In almost all Member States, the minimum wage is brought into effect by the government; in Belgium, in cooperation with the social partners.

Table 4: Determining the current level of the statutory minimum wage

	Government	Tripartite	Social partners	Independent expert committee	Indexation
Belgium					B
Bulgaria					
Croatia					
Czech Republic*	U				
Estonia	D		N		
France****	D			N	B
Germany				N	
Hungary					
Ireland	D	N	N	N	
Latvia	N	N	N		
Lithuania		B			
Luxembourg**	D				B
Malta					B
Netherlands					B
Poland	U				N
Portugal***	N + D	N	N		
Romania	D	D			B
Slovakia	D	N	N		
Slovenia	D		N		
Spain	U		N		
UK				N	

	Was not involved at all
	Was not able to agree on a level of minimum wage
	Was consulted about the level
	Brought the final level into effect
N	Provided a non-binding recommendation
B	Provided a binding recommendation
D	Decided the final level taking into account recommendations of other players
U	Decided the final level unilaterally

Note: Indexation can refer to adjustments linked to changes in prices, wages, productivity or GDP.

** Czech Chamber of Commerce provided a non-binding recommendation.*

*** Luxembourg's statistical office, STATEC, and the General Inspectorate of the Social Security (IGSS) were consulted.*

**** Political parties – the Left Block, the Communist Party and the Green Party – were consulted.*

***** The mechanism of indexation provides a binding minimum increase.*

Source: See Table A2 in the annex.

Automatic indexation

(Automatic) indexation was used to settle the level of the minimum wage for 2017 in Belgium, France, Malta, Netherlands and in Luxembourg. In **Belgium**, the automatic indexation resulting in the latest increases is part of the bipartite agreement. The minimum wage plays only an indirect role in the Belgian system of wage formation, since almost all employees are covered by a sectoral (minimum) system of wage-setting. In **France**, non-binding advice from a group of experts (consisting of social partner representatives at national level) was sent to the National Collective Bargaining Commission (Commission Nationale de la Négociation Collective, CNNC) for consultation. According to the advice, the increase in the minimum wage was limited to that resulting automatically from the legal mechanism. To limit the salary increase, the government followed the recommendation and adjusted the minimum wage by 0.93%. The minimum wage in **Malta** is set by government law. The yearly increase is based on the cost of living adjustment (COLA) taking into account the Retail Price Index. The latter is calculated under the direction of an independent tripartite committee set up to ensure the equitable implementation of this statistic. In the **Netherlands**, the minimum wage is adjusted twice a year, based on wage developments in the private and public sector over the preceding year. The government can decide to deviate from the standard mechanism; the last time this happened was in 2004 and 2005. In October 2016, in the framework of the biennial assessment, **Luxembourg** government adopted a draft bill to increase the minimum wage by 1.4% on 1 January 2017. The law was adopted on 7 December 2016 with a unanimous vote of the deputies. According to Statec, the national statistics institute, the [consumer price index increased by 2.5% \(PDF\)](#), launching the indexation of salaries and the minimum wage by the same proportion. Finally, the total increase of the minimum wage by 1 January 2017 reached 3.9%.

Determination by expert groups

In Germany, Ireland and the UK, the level of minimum wage was determined by expert groups. The **German** Minimum Wage Commission, set up in 2015, is composed of trade unions and employer representatives, along with academic experts. The Commission decided unanimously to use the monthly index of agreed hourly earnings, excluding extra payments, as the basis for the first adjustment of the minimum wage as of 1 January 2017. The Federal Cabinet accepted the recommendation in autumn 2016. The Commission will decide on the next rise in 2018. The **Irish** Low Pay Commission (made up of representatives of the social partners and academics) published its second report in July 2016 recommending that the minimum wage be increased to €9.25 per hour. The Minister for Jobs, Enterprise and Innovation and the government accepted the recommended increase as from 1 January 2017. In March 2016, the **UK** government asked the independent Low Pay Commission to make recommendations on the rates of the National Living Wage and National Minimum Wage applicable from April 2017. After consultation involving the social partners and other interested parties, the Commission issued its recommendations in October 2016. In November 2016, the government announced that it had fully accepted the Commission's recommendations.

Social partners

In **Estonia**, the level of the minimum wage for 2017 had already been determined in 2015 when, for the second time, the social partners concluded a two-year-agreement. The negotiations had started in April 2015. The Estonian Trade Union Confederation (EAKL) and the Estonian Employers Confederation (ETTK) proposed increases in the minimum wage for 2016 and 2017. After involvement of the National Conciliator, a proposal was accepted by the social partners in October 2015, for €430 per month in 2016 and €470 in 2017. The agreement between social partners was signed in October 2015 and brought into effect by government regulation in December 2015.

Tripartite consultation

Tripartite consultation was the method used to determine the minimum wage in Bulgaria, Hungary, Latvia, Lithuania, Portugal and Romania. In **Bulgaria**, the protocol is that the National Council for Tripartite Co-operation be consulted, and its decisions submitted to the Prime Minister or the relevant minister or head of another central government department. After that, the Council of Ministers fixes the national minimum wage (according to Art. 244 of the Labour Code).

The trade unions in **Hungary** announced their common standpoint, according to which the net amount of the minimum wage should reach the subsistence level as of 2018. After informal talks with social partners, in November 2016 the government proposed a bi-annual agreement on the minimum wage to the Permanent Consultative Forum of the Competitive Sector and the Government (VKF). The wage agreement was concluded and signed by the parties to VKF on 24 November 2016.

In **Latvia**, the minimum wage was proposed by the Ministry of Welfare, discussed between the government and social partners in working groups and commissions, discussed in the National Tripartite Cooperation Council, and then confirmed by the Regulation of the Cabinet of Ministers as an amendment to the Regulations adopted in the previous year.

Having regard to the Tripartite Council's recommendation from May 2016, the **Lithuanian** government adopted in June 2016 a resolution whereby it increased the level of the minimum monthly wage from July 2016.

The **Portuguese** socialist government proposed the level of the minimum wage following the 2015 commitment to the parties of the left supporting the government. The government presented this proposal to the social partners at the Standing Committee for Social Concertation. A tripartite commitment was reached in December 2016 and included compensation for employers. This compensation takes the form of a reduction in the social security contributions; it will be covered by the state budget. However, it has given rise to controversy among the parties of the left.

The **Romanian** minimum wage was determined after a series of consultations between government representatives and social partners, and was finally settled by a decision of the new Romanian government in January 2017. (This was also one of the electoral campaign topics in late 2016.)

In **Slovenia**, the process of minimum wage determination is standardised: at a sitting of the Economic and Social Council of Slovenia, the government proposes the minimum wage amount for the current year to the social partners. In line with the indexation rule, it should be indexed at least at the level of the previous year's inflation rate, but also some other macroeconomic indicators can be taken into account (GDP, wage and employment growth). In 2017, the minimum wage was increased by 1.8%, as a result of positive macroeconomic indicators. Following the decision, the Minister of Labour, Family, Social Affairs and Equal Opportunities issued a decree on the minimum wage amount for 2017.

Unilateral determination by government

The governments in Croatia, the Czech Republic, Poland, Slovakia and Spain each took a unilateral decision on the level of their national minimum wage. In **Croatia**, a tripartite body was consulted on the level of the minimum wage but no agreement was achieved. In the **Czech Republic**, after several rounds of negotiations between social partners and government in a tripartite setting, the [level of the minimum wage \(PDF\)](#) was unilaterally determined by government in October 2016.

In 2016, the government in **Poland** unilaterally set the level of the minimum wage because the social dialogue parties had failed to reach an agreement within the Social Dialogue Council. While trade unions approved a proposal of the government, employers were strongly opposed to it. In May 2016, in **Slovakia**, the Confederation of Trade Unions of the Slovak Republic proposed the minimum wage for 2017 be increased; however, employer

representatives did not agree with the proposed increase. The social partners were unable to find a compromise before the legally required deadline of 15 July. In compliance with the law on the minimum wage, the social partners individually submitted their proposals to the Ministry of Labour Social Affairs and Family. In August 2016, the Ministry submitted its own proposal at the meeting of the tripartite Economic and Social Council. After the tripartite consultations failed, the Ministry submitted the proposal to the government, which approved the decree at its meeting in October 2016.

In **Spain**, the minimum wage for 2017 was approved in December 2016 by the government. The governmental Popular Party (PP) accepted proposal by the Socialist Party (PSOE) to increase the minimum wage, as a condition of its support concerning Spanish deficit and debt objectives. Social partners were informed about the level set, but were not involved in its determination. Trade unions did not agree with the increase proposed by the government.

Table 5: National regulations bringing into effect current level of statutory minimum wage

By law or governmental decree/regulation	
Bulgaria	Decree 372 of the Council of Ministers, 27 December 2016 ПОСТАНОВЛЕНИЕ № 372 ОТ 22 ДЕКЕМВРИ 2016 Г. ЗА ОПРЕДЕЛЯНЕ НА НОВ РАЗМЕР НА МИНИМАЛНАТА РАБОТНА ЗАПЛАТА ЗА СТРАНАТА (обн., ДВ, бр. 103 от 27.12.2016 г., в сила от 1.01.2017 г.)
Croatia	Decision on the minimum wage for 2017 (Prijedlog uredbe o visini minimalne plaće za 2017. godinu)
Czech Republic	Governmental Order No. 336/2016 Coll. as of 1 January 2017 (which amends 'basic' Governmental Order No. 567/2006 Coll., on statutory minimum wage)
Germany	Mindestlohngesetz; Minimum Wage Act (MiloG)
Estonia	Vabariigi Valitsuse määrus 'Töötasu alammäära kehtestamine' (Government Regulation on the establishment of the minimum wage)
France	Décret n° 2016-1818 du 22 décembre 2016 portant relèvement du salaire minimum de croissance [Decree n° 2016-1818 of 22 December 2016 on the minimum wage increase]
Hungary	Government Decree 430/2016 (XII. 15.) Korm. on the Mandatory Minimum Wage and on the Guaranteed Wage Minimum (A kormány 430/2016 (XII. 15.) rendelete a kötelező legkisebb munkabér, és a garantált bérminimum megállapításáról)
Ireland	S.I. 516/2016 - National Minimum Wage Order 2016
Latvia	Regulation of the Cabinet of Ministers No. 683 (adopted on 25 October 2016): Amendment to the Regulation of the Cabinet of Ministers on 24 November 2015 Nr. 656
Lithuania	Resolution No 644 of the Government of the Republic of Lithuania of 22 June 2016 on the Minimum Wage
Luxembourg	Loi du 15 décembre 2016 portant modification de l'article L. 222-9 du Code du Travail
Malta	National Minimum Wage National Standard Order

Netherlands	Regeling van de Minister van Sociale Zaken en Werkgelegenheid van 4 november 2016, 2016-0000236680, tot aanpassing van het wettelijk minimumloon per 1 januari 2017
Poland	Rozporządzenie Rady Ministrów z dnia 9 września 2016 r. w sprawie wysokości minimalnego wynagrodzenia za pracę w 2014 r. [Regulation of the Prime Minister of 9 September 2016 on minimum wage in 2017]
Portugal	Decree Law no. 86-B/2016 (PDF)
Romania	Government Decision no. 1/2017. The minimum wage was set at RON 1,450 (€322), starting 1 February 2017.
Slovakia	Nariadenie vlády Slovenskej republiky z 12. októbra 2016, ktorým sa ustanovuje suma minimálnej mzdy na rok 2017 [Governmental decree as of 12 October 2016, which determines the minimum wage for 2017]
Slovenia	On 27 January 2017 a decree on the minimum wage amount (PDF) was issued in the Official Gazette (No.4/2017) by the Minister of Labour, Family, Social Affairs and Equal Opportunities (as stipulated in the 2010 Minimum Wage Act).
Spain	The statutory minimum wage for 2017 was approved via Royal Decree Act 3/2016 of 2 December (PDF) , after a Governmental agreement between the Popular Party (PP) and the Socialist Party (PSOE)
United Kingdom	At the time of writing (5 January 2017), regulations to implement the April 2017 increases to the NLW and NMW have not yet been made.
By agreement between social partners	
Belgium	Collective agreement n°43 of the National Labour Council
Portugal	Compromisso Tripartido para um acordo de concertação de médio prazo [Tripartite Commitment for a mid-term concerted agreement]; draft version not available online

Changes in determination for 2017

In the majority of Member States (17 in all), no changes took place in the determination of the minimum wage for 2017. Hence, no change was seen in Belgium, Bulgaria, Croatia, the Czech Republic, Estonia, France, Germany, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Romania, Slovakia, Slovenia and Spain.

In **Hungary**, the procedure of determining the minimum wage has formally not changed. However, for the first time, the agreement now covers two years (2017–2018) and is directly linked to cuts in tax wedges. It is also worth noting that the minimum wage for 2017 is again based on a full tripartite consensus; this is contrast to 2016, when the parties failed to reach a common stance during the consultation.

Spanish trade unions have criticised the fact that the minimum wage in the country is unilaterally decided by the government, without their recommendations being taken into account. In December 2016, the government announced that in 2018, 2019 and 2020, the minimum wage would be determined by means of social dialogue (that is, decided between employer organisations and trade unions and these agreements would be binding. The condition is that the agreement be reached before 15 November in the appropriate year.

Otherwise, the government will unilaterally determine the minimum salary for the coming year.

In **Romania**, changes in the determination of the minimum wage are expected. The new draft law stipulates that, following changes that may arise in 2017, the minimum wage will be the result of negotiations between trade unions and employers. The social partners' proposals will be discussed in a meeting of the National Tripartite Council to reach a consensus. To ensure the predictability of the minimum wage, a group of independent experts will develop a transparent mechanism for determining the minimum wage, relying on findings from a range of studies on the evolution of the gross minimum wage and on assessment of its social and economic impact, findings that have already been forwarded to the social partners' representatives.

These developments indicate a tendency for the social partners to have a greater role in determining the minimum wage. This is noteworthy, as – in the aftermath of the economic crisis – the role of the social partners has appeared to be weakened in some countries (such as Belgium).

In **Slovenia**, the procedure of determining the minimum wage has formally not changed. However, some changes may occur in the near future, especially with regard to the more exact indexation rule, which will be consistent, predictable and transparent. Now the determination of the minimum wage takes into account inflation, wage and employment trends and the economic situation (GDP growth). The minimum wage should as a rule be adjusted at least to take account of growth in consumer price; however, there is no exact formula that includes the above mentioned parameters. Until 2016, the minimum wage was adjusted only for the rate inflation: other indicators were not taken into account at all. In the last two years, the Minister has proposed an amount higher than merely adjusting for inflation. To ensure the predictability of the minimum wage, a more transparent mechanism for determination would be useful for all social partners. In the UK, when the government first introduced the National Living Wage from April 2016, it did so at a rate (GBP 7.20 an hour, or €8.37) that it set unilaterally, rather basing it on the recommendations of the Low Pay Commission. With regard to National Living Wage rates from 2017 onwards, the government sought the Low Pay Commission's recommendations, as it has always done for National Minimum Wage rates. There appears to be a tendency in the EU to involve expert committees determining minimum wages: in 2017, independent expert committees helped determine the level of the minimum wage for the first time in Germany and – for the second time – in Ireland.

Recent debates about minimum wage

A number of discussions regarding the minimum wage were reported over 2016. They concern a number of topics – including the level of the minimum wage, how it is set and special rates for specific groups.

Calls to increase minimum wage

In 2016, **Croatian** trade unions demanded that the minimum wage increase from its then current rate of 42.9% of the average wage to 50% of the average wage. However, employers deemed that this would ruin the textile sector and other industries with significant labour intensity.

French trade union organisations the General Confederation of Labour (CGT), the General Confederation of Labour – Force ouvrière (CGT-FO) and the French Christian Workers' Confederation (CFTC) argued for an increase in the minimum wage beyond that required as a result of the legal mechanism. However, other unions – the Metalworking and Mining Workers' Federation (CFDT) and French Confederation of Professional and Managerial Staff (CFE-CGC) – did not call for this increase. Employer organisations have not added their position in the report of the group of experts, but they are largely opposed to any increase in the minimum wage above the rate of inflation, seeing such increase as a risk to

competitiveness. Since 2012, there has been a policy of not raising the minimum wage above the requirements of the legal mechanism, with the aim of restoring the competitiveness of French companies. The [Country-specific Recommendations for 2016](#) highlighted that ‘in the current context of high unemployment, there are risks that the cost of labour at the minimum wage hampers employment of low-qualified people’. The problem is not the minimum wage itself, as ‘the cost of labour at the minimum wage has been reduced by social contribution exemption’, but that ‘increases in the minimum wage induce wage increases for most categories of workers and risk creating upward wage compression’. Therefore the Council adopted a general recommendation ‘that minimum wage developments are consistent with job creation and competitiveness’.

Spain has traditionally had a low minimum wage in comparison with other Member States. In January 2016, the ILO recommended that Spain increase its minimum salary by around 10% over a period of 2–3 years, arguing that this would not harm the country’s competitiveness or employment levels. Trade union also requested an increase in the minimum wage.

In the **UK**, the impact of the introduction of the National Living Wage was discussed. its introduction meant a higher rate of the minimum wage for workers aged over 25. Unions generally welcomed the significant pay increases. Employers’ opinions were divided: affected firms reported a range of negative consequences for pay, employment and competitiveness. Employer representatives were most vocal in their opposition in such sectors as adult social care, horticulture, convenience stores, childcare and textiles. According to the analysis of the Low Pay Commission, there is limited evidence so far of negative consequences for employment and hours (working hours did not decrease after the introduction of the minimum wage).

Concerns about high level of minimum wage

The **Estonian** Association of Small and Medium Enterprises (EVEA) suggested that micro enterprises, at least, should be exempt from the minimum wage obligation. EVEA argued that the minimum wage is often difficult for self-employed workers with employees, and micro-companies, especially when the company being established, or is located in a rural area. The Estonian Trade Union Confederation (EAKL) argued against the abolition of the minimum wage; it said that companies whose business plans foresee paying only the minimum wage or less hinder Estonian economic development. It went on to say that companies should look for possibilities to increase production in order to pay higher wages, while employees should invest in training and education.

The most recent increase in the minimum wage in **Hungary** is unprecedented in the country’s history. According to experts and social partners, it is expected to have a significant effect on wages and on economic performance. The main issue for the coming months is how easily businesses will adjust to paying higher wages and how the government may assist businesses (such as SMEs) that are likely to find themselves in difficulties.

Debates in **Lithuania** concentrated on the level of the minimum wage and included social partners and experts. In the debates, it was emphasised that the difference between the minimum wage and average wage is one of the highest in the EU (almost 50%) and that wages are growing far faster than productivity. This, it was argued, suggests that increases in the minimum wage should be slowed down. The IMF, after analysing Lithuania’s situation at the start of 2016, took a similar view.

In December 2016, the Chamber of Commerce in **Luxembourg** criticised the government’s intention to increase the minimum wage because it represents a burden for low-qualified workers to access in the labour market. The Chamber also disputes the need for increasing the minimum, since a rise of 2.5% takes place in January 2017 as a result of automatic indexation (+ 2.5%) in January 2017, because a tax reform is foreseen to positively impact the net incomes of – in particular – low-paid earners. In contrast, the Chamber of Employees explained that the proposed increase of 1.4% is insufficient to bring the net minimum wage over the poverty threshold. The Chamber of Civil Servants and Public Employees has

approved the increase in the minimum wage. [The Country-specific Recommendations for 2016](#) did not address the minimum wage, but stressed that ‘Economy-wide automatic wage indexation plays a role in limiting wage variation across sectors and may prevent labour productivity differentials from being taken into account’.

The [Country-specific Recommendations for Portugal \(PDF\)](#) in 2016 stated that it is among the countries with the highest minimum wage as a percentage of the median wage. It goes on to say that the proportion of employees receiving the minimum wage is high (almost one-quarter) and further increases in the minimum wage might rapidly expand this proportion: ‘While this could help reduce the intensity of in-work poverty, it also results in an increased compression of the wage structure, putting upward pressure on overall wages’.

Special rates or exclusions from minimum wage

In **Belgium**, the government announced that it would introduce again the youth wages after they were abolished by the social partners in 2013. Specifically, a 16-year-old would get 70% of the minimum wage, a 17-year-old 76%, an 18-year-old 82%, a 19-year-old 88% and a 20-year-old 94%. The proposed revision is pending. The measure is seen as part of a strategy for creating more jobs (for young people) and for keeping the budget more in balance (by generating more income and less expenses on benefits). Unions have fiercely protested the announcement. The government’s possible intervention is notable, since minimum-wage setting has traditionally been a prerogative of the social partners. The government’s first intervention came in 2015, with a general index jump for all wages.

In **Germany**, people who have been unemployed long-term and get a job do not receive the minimum wage for the first six months of employment. Opposition parties have criticised the measure, which seeks to facilitate bringing unemployed people into the labour market. Criticism has been stoked by findings from the Federal Institute for Employment Research indicating that the measure has had almost no effect on employment levels.

In the **Netherlands**, debate centres around the abolition of the youth minimum wage for 21 and 22 year-old workers. A bill on this issue is pending. Also discussed were the advantages and disadvantages of a minimum wage for self-employed workers.

In **Romania**, the Social Democratic Party (which won the 2016 elections) discussed the possibility of introducing a minimum wage for young people of RON 2,500 (around €554 – as compared to the proposed general minimum wage of RON 1,450 – €322). However, this measure was not included in the draft government decision published in January 2017.

In **Hungary**, the government’s unilateral setting of lower minimum wages for workers employed in public works programmes been an ongoing issue of political debate. Trade unions have repeatedly claimed that this group of workers should receive the standard minimum wage. In the meantime, the gap between the two sets of minimum wages has widened significantly. The government has argued that the growing gap will motivate people to look for a job in the private labour market.

As discussed in [the EurWORK topical update on low-wage jobs](#), low wages are an issue in many countries, mainly the NMS. In some central and eastern European countries, they are presented as offering a competitive advantage, as ongoing discussions around the regulation of posted workers show. In Denmark, Norway and Sweden, low-wage jobs have been proposed as a tool to smooth the integration of migrants and particularly refugees.

Sweden does not have a statutory minimum wage. As for collectively agreed minimum wages, 2016 has seen a heated debate regarding whether or not the levels constitute a threshold for labour market entrance, especially for newly arrived immigrants. Many employer organisations have argued that wage levels set in collective agreements should be adapted to speed up job creation. Swedish trade unions are firmly opposed to lowering wage levels, and generally advocate education measures to facilitate labour market integration.

Discussions on setting minimum wage

In recent years in **Bulgaria** there have been discussions about the mechanism for setting the minimum wage. The social partners have followed the European Commission's country-specific recommendation for establishing a mechanism for setting the minimum wage; a tripartite working group presided over by the Ministry of Labour is currently working on these rules and is expected to finalise them soon. The minimum wage in Bulgaria remains the lowest in the EU; however, after the recent increase in the Romanian minimum wage (the second-lowest), the difference between the two countries is increasing.

In the **Czech Republic**, several discussions took place in 2016 on how, in coming years, the Confederation of Industry of the Czech Republic (SP ČR) and the Czech-Moravian Confederation of Trade Union (ČMKOS) should between them set the minimum wage. First ideas and proposals were presented in December 2016. In 2017, the social partners will discuss a number of issues – for example, a valorisation formula for regular increases related to the development of the average monthly wage.

In **Greece**, legislation setting a national minimum wage had been put in place in February 2012, reducing the previous minimum wage by 22% (and by 32% for young people under 25). In 2013, a law established a new mechanism for setting the national minimum wage. This wage is set by the government, following consultations with the five peak social-partner organisations:

- the Greek General Confederation of Labour (GSEE)
- the Federation of Greek Industries (SEV)
- the National Confederation of Hellenic Commerce (ESEE)
- the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE)
- the Association of Greek Tourism Enterprises (SETE).

The new mechanism must be implemented from 2017 on; the minimum wage has to be determined in June 2017. At the time of writing, the negotiations are still ongoing; any decisions regarding the mechanism for setting the minimum wage – and its rate – are still pending.

In **Malta**, there has been considerable discussion about raising the minimum wage, following a report by the non-governmental organisation (NGO) Caritas Malta. In November 2016, the Prime Minister stated that if unions and employers do not reach an agreement on the way forward, the government will introduce its own system for raising the minimum wage. The tripartite Malta Council for Economic and Social Development is currently discussing the issue and is expected to present its proposals to government by the end of February 2017. The government appears to be committed to revising the mechanisms related to the minimum wage before the next election, which is expected to take place in 2018.

In **Portugal**, employer confederations pointed to the possible negative effect of an increase in the minimum wage on employment and competitiveness. They stressed the importance of tripartite concertation to define the minimum wage, irrespective of politically left-orientated parliamentary agreements. Trade unions highlighted the importance of raising the minimum wage in reducing inequality and poverty. The General Workers' Union (UGT) insisted that a tripartite agreement should be reached irrespective of the parliamentary commitments. The General Confederation of Portuguese Workers (CGTP) while interested in a tripartite agreement, insisted on not giving employers any compensation for the minimum wage increase and therefore did not sign the tripartite commitment.

In May 2015, the European Commission opened an infringement procedure against **Germany** over its rules for the minimum wage in the transport sector, saying that the application of the minimum wage prevents the internal market from functioning properly. The German government disagrees with the Commission's position, arguing that it will not permit exemptions in the transport sector: paying minimum wages to foreign drivers driving and handling goods in Germany, it said, discriminates against the workers and distorts the market. Talks between the German authorities and the Commission did not reach a solution. In June

2016, the Commission sent a supplementary letter of formal notice to the German authorities. The German authorities responded to the letter in due time. Germany has put a preliminary halt on the inspection of wages of foreign drivers just passing through Germany. However, inspection of the wages of foreign drivers moving or handling goods while crossing Germany is continued. More information can be found in [a EurWORK topical update on the issue](#).

Minimum wages for specific groups

Correspondents from 10 countries reported that the adjusted rates of the minimum wage apply to specific groups (Table 6). Minimum wages are adjusted for young workers in Belgium, Greece, France, Ireland, Luxembourg, Malta, the Netherlands and the UK. They are also adjusted for workers undergoing training or apprenticeships in France, Ireland, and the UK. Different minimum wage levels can apply according to the length of work experience or the period from the beginning of employment (as in Belgium, France and Ireland). France has specific rates for disabled persons, Germany for (parts of) certain sectors and Hungary for specific occupations. In Luxembourg, a special minimum wage rate applies to qualified people; in Hungary, this is the case for people working in jobs that require certain qualifications. The following paragraphs provide a more detailed overview by country.

Table 6: Special rates of standard minimum wage

Belgium	Employees aged 16		70%	
	Employees aged 17		76%	
	Employees aged 19 with 6 months seniority		€1,572.58/month	
	Employees aged 20 with 12 months seniority		€1,590.64/month	
France	Trainees working < two months		No obligatory payment	
	Other trainees		> 36.29%	
	Disabled workers in inclusion centres		55–100%	
	Employee aged under 17 years with <6 months experience in sector		80%	
	Employee aged 17 years with <6 months experience in sector		90%	
	Workers aged < 16 years during summer holidays		80%	
	Young people on professionalisation contracts		55–100%	
	Year of apprenticeship contract	Minimum wage applicable as % of standard minimum wage		
		Age 15–17 years	Age 18–20 years	Age 21+ years
	Year 1	25%	41%	53%
	Year 2	37%	49%	61%
	Year 3	53%	65%	78%
Germany	Statutory minimum wage is not in place in 17 sectors covered by an extended sectoral minimum wage agreement until end of 2017			
Greece	Workers aged 25 or less: €510.95			
Hungary	Guaranteed minimum wage: jobs with at least a secondary education		HUF 161,000 (€517)/month	
	Public works programmes employees		HUF 81,530 (€262)/month	
	Employees in public works programmes jobs requiring at least secondary education		HUF 106,555 (€342)/month	
Ireland	Employees < 18 years		70%	

	Year 1 of employment and aged 18+		80%
	Year 2 of employment and aged 18+		90%
	Aged 18+	First third of period of training course	75%
		Second third of period of training course	80%
		Final third of period of training course	90%
Luxembourg	Employees aged 15 and 16 years		75%
	Employees aged 17 years		80%
	Qualified employees aged 18+		120%
Malta	Employees aged 17 years		96%
	Employees aged < 17 years		94%
Netherlands	Employees aged 15 years		30%
	Employees aged 16 years		34.5%
	Employees aged 17 years		39.5%
	Employees aged 18 years		45.5%
	Employees aged 19 years		52.5%
	Employees aged 20 years		61.5%
	Employees aged 21 years		72.5%
	Employees aged 22 years		85%
UK	aged 21 to 24 years		GBP 6.95/hour
	aged 18 to 20 years		GBP 5.55/hour
	aged under 18 but above compulsory school age		GBP 4.00/hour
	Apprentices aged <19, or 19+ but in first year of training		GBP 3.40/hour

Note: the percentages reflect the proportion of the standard minimum wage that is applied.

Coverage of minimum wages

The relative importance of the minimum wage varies across countries (Table 7). If the level of the minimum wage is relatively high compared with the average wage, it can be expected that a higher proportion of employees will receive the minimum wage. Three of the four countries that have experienced the highest growth in the minimum wage since 2010 (Romania, Hungary and Estonia) report having a considerable number of employees receiving the minimum wage (for the fourth country – Bulgaria – no data are available).

A relatively small proportion (less than 10%) of people receive the minimum wage in Belgium, Czech Republic, France, Western Germany, Lithuania, Malta, the Netherlands, Poland, Slovenia and the UK. In contrast, it is estimated that more than 10% of employees receive the minimum wage in Estonia, Eastern Germany, Greece, Hungary, Luxembourg, Portugal, Romania and Spain. The highest proportion (35%) was reported in Greece. It is

important, however, to keep in mind that this proportion includes part-timer workers, so the figure is not strictly comparable with other countries.

No information regarding the coverage of the minimum wage was found in Bulgaria, Latvia and Slovakia.

Table 7: Coverage of minimum wage by Member State

Belgium	Academics estimate that 3% of employees receive the minimum wage.
Croatia	Coverage of the minimum wage differs according to sources. According to the Tax Administration, for 2014 it was 3% for all full-time employees. According to the Croatian Bureau of Statistics (in its annual report on employees and paid salaries and wages), for 2014 it was 6.2%, while according to the Household Budget Survey for 2013 it was 8%.
Czech Republic	In Q2 2016, the minimum wage covered 137,537 employees, or 3.2%.
Estonia	In 2016, between 19% and 25% of employed people received the minimum wage (or less). As these figures include part-time employment, the proportion of minimum wage earners is assumed to be smaller.
France	In 2013, some 8% of employees working in private companies with 10 employees or more received the minimum wage. According to the report of the group of experts , about 1.6 million employees in the private sector benefited from the increase in the minimum wage on 1 January 2016.
Germany	On 1 January 2015, some 1.9 million workers received the statutory minimum wage, (11% of workers in eastern Germany and 4% in western Germany).
Greece	Based on data from the Ministry of Labour, it is estimated that in 2015 approximately 35% of wage earners in Greece were paid less than €586 per month: out of 1,619,845 employees, 432,033 received less than €510 per month and 559,933 received less than €586 per month. (These figures include part-time employment.)
Hungary	There is no one source for definitive data, but the proportion can be inferred based on following : • In 2012, of those submitting a tax declaration, one-third (or 1.26 million people) had an income equal to or lower than the monthly minimum wage • According to the government's individual wage and earnings statistics, in 2016 around 600,000 employees (14% of all employees) were covered by the minimum wage and guaranteed wage minimum.
Ireland	In 2009, the incidence of the adult minimum wage in Ireland ranged between 5.3% and 6.8% of employees, depending on the data used.
Lithuania	In October 2015, some 8.8% of full-time employees earned the minimum wage (5.9% in the public sector, 10.2% in the private sector).
Luxembourg	In March 2016, some 45,204 employees (12.4% of all employees in the private sector) were paid 100–102% of the minimum wage. There were 38,028 full-time private-sector employees receiving the minimum wage (12.3% of employees). However, the Chamber of Employees highlights that the figures provided are too high as they include employees paid 'approximately' the minimum wage.

Malta	In 2015, some 3.4% of all full-time employees received the minimum wage.
Netherlands	Data for 2014 indicate that 170,000 employees, or 17.4% of all employees, aged 15–23 years received the minimum wage. For employees aged 23 and over, the figure was 230,000 (or 4.8%).
Poland	About 1.3 million employees in 2014, meaning that up to 8.6% of employees on permanent contracts received the minimum wage.
Portugal	In October 2015, 21.1% of full-time employees received the minimum wage. Of full-time and part-time employees contributing to social security, 19.6% were estimated to be on the minimum wage.
Romania	In 2010, some 8.04% of all employees were covered by the minimum wage; in 2016, this figure stood at 21.01% (or 992, 362 employees). For 2017, with the the minimum wage set to rise to RON 1,450 (€322) on 1 February, the figure is expected to rise to 26.32%.
Slovenia	In the first nine months of 2016, some 5.5% of all employees were on the minimum wage. The proportion stood at its highest in 2013 (8.6%); since then it has gradually decreased each year.
Spain	In 2014, based on data from the Annual Survey on Salary Structure, 12.98% of all employees (out of 14.3 million full-time and part-time employees) earned less than the minimum wage; of those working only full-time, 0.23% received less than the minimum wage. The Spanish Tax Agency identified 17.3 million salaried employees in 2015. Data from the Agency show that in 2015, around 5.9 million employees earned less than € 9,080.4 annually (the equivalent of the minimum wage in that year). This statistic does not take into account for how many hours the worker has been working.
UK	Around 1.9 million employees (or 7.1%) receive the National Living Wage or the national minimum wage (April 2016)

Source: see Table A3 in the annex.

Non-compliance with minimum wage legislation

Non-compliance with the minimum wage has been reported as an issue in a number of Member States; a closely related issue is that of undeclared work. An interested reader can also refer to [Eurofound's report on fraudulent contracting of work](#) in the European Union.

In **Estonia**, in 2014, to tackle the issue of undeclared work, an employment register was created. Though state tax revenue increased after the register was created, a new tendency seems to be that [employers only partially declare wages](#): employees officially receive the minimum wage and the exceeding amount is paid undeclared. A comparable issue is that of self-employed workers who only declare only the minimum wage and the rest of their income as dividends, which are free of social tax obligations. Similarly, in **Croatia, Hungary and Lithuania**, discussions centred on the possible influence of the presence of the minimum wage on the practice of paying employees the same amount as the minimum wage into their bank account and paying the rest in cash: tax is paid only on the declared minimum wage, which is visible to authorities; the rest is paid in cash, and not taxed. In **Lithuania**, authorities have pursued an active policy to highlight those companies abusing the rules. In 2015, a list was drawn up of almost 40,000 companies that paid less their employees less than the minimum wage. These companies received notices informing them that they may be asked to produce additional documents and explanations. This helped to bring to light up to €68 million in wages during the year; the companies in question showed

an annual wage growth in that year of 15–17% (as compared with an increase of 7% in the average wage in Lithuania over the same period).

In the **Netherlands**, discussions regarding compliance with statutory minimum wages, especially for migrant workers, has resulted in several legislative measures to enhance compliance. In **Belgium** and **France**, the issue of fraudulent posting of workers and labour exploitation has generated particular debate. (Labour exploitation in this context refers to where employees are sent to France and are paid less than the minimum wage; this happens mainly in the construction and agriculture sectors). The main sectors involved in discussions in Belgium are transport and construction. In France, the emerging issue in transport sector relates to ‘platform’ employees working for Uber. These are considered as independent workers; however, since Uber decided to reduce the rate paid to drivers, some end up being paid less than the minimum wage. This has recently increased tension between Uber drivers and the company’s management.

Non-compliance with statutory minimum wages has not been reported as an issue of recent discussions in Belgium, Bulgaria, Ireland, Latvia, Luxembourg, Malta, Poland, Slovakia, Slovenia or Spain.

Countries lacking general statutory minimum wage

As mentioned previously, in the majority of those Member States (Austria, Denmark, Finland, Italy and Sweden), where no statutory minimum wage exists, the minimum wage level is de facto set in (sectoral) collective agreements.

In **Austria**, over 95% of regularly employed workers are covered by such agreements. Generally speaking, there is a consensus in Austria to set minimum wages via collective bargaining. Nonetheless, voices for a statutory minimum wage are occasionally raised, most recently in January 2017 by Christian Kern, the Federal Chancellor. He called on the social partners to negotiate a general collective agreement, which would set the minimum monthly wage at €1,500; if this were to fail, a legal resolution should be found that would allow the social minister to set the minimum wage at €1,500 by decree. Social partners on both sides dismissed this proposal for a statutory minimum wage, stating that minimum wages lie within the social partners’ autonomy. Furthermore, the collective bargaining system would be better than a statutory minimum wage, as sectoral specificities could better be addressed. The Austrian Trade Union Federation (ÖGB) instead proposed an agreement on a general stipulation (which is less binding than a general collective agreement) with the Federal Economic Chamber (WKO) for a step-by-step plan to reach a minimum wage of €1,700. In early February 2018, the government stated that if the social partners did not negotiate a minimum wage of €1,500 for all sectors by mid-2017, the government would implement it by legislation. According to Statistics Austria’s Structure of Earnings Survey, in 2014, over 350,000 employees were earning less than the threshold of €1,500.

Cyprus has a statutory minimum wage policy for the most vulnerable occupational groups – in particular, those with weak trade union representation, or none. The Council of Ministers normally reviews minimum wages on an annual basis, fixing them by decree. (This is subject to consultation with the social partners). Employer organisations do not generally favour any minimum wage standards and, from 2013 onwards, have occasionally underlined the need to reduce the level of minimum wages by 20%. In contrast, trade unions increasingly make demands that the coverage of minimum wage legislation be extended to more occupations, in which unreasonably low wages are paid. Due to the current economic crisis and a conditionality of the Memorandum of Understanding agreed in 2013, minimum wages between 2013 and 2016 have remained at the levels of 1 April 2012.

In **Denmark**, no significant debates about the subject took place during 2016.

In **Finland**, in sectors where collective agreements do not apply, there are no minimum wages. The Ministry of Economic Affairs and Employment estimates there to be 225,000 employees not covered by collectively negotiated minimum wages. Many collective

agreements allow for local bargaining, and sub-minimum agreements can thus be made locally.

In March 2016, the **Finnish** opposition party Left Alliance submitted a legal proposal on minimum wages of €10 per hour to counteract low locally bargained sub-minimum wages. The idea has received some support from the general public. Social partners on both sides, however, oppose the idea. Trade unions believe it would lead to a weakened general applicability of collective agreements and a greater number of people with statutory minimum wages. Employer organisations prefer the minimum rate to be dependent on the sector and task. The Left Alliance's proposal was partly motivated by the perceived trend towards more low-waged work.

In **Italy**, minimum rates of pay are set by national collective bargaining agreements for the members of signatory organisations. Following the introduction of the statutory minimum wage in Germany in 2015, discussions about introducing a statutory minimum wage also took place also in Italy. In 2014, the government included the possibility of introducing a statutory minimum wage in the reform of its Jobs Act. However, it decided not to implement the statutory minimum wage in the Jobs Act following criticism from the trade unions. No new developments occurred in 2016.

Conclusions

Variation of minimum wage across EU: The level of statutory minimum wages greatly varies between EU Member States. While New Member States (NMS) have in general a lower level of minimum wage than countries of the EU15, a convergence in the nominal and real levels can be observed. However, there is still a long way to go: the lowest minimum wage in the EU – in Bulgaria – is about 8.5 times lower than Luxembourg's minimum wage, the highest in the EU. The growth in the level of minimum wages accelerated in the period between January 2016 and January 2017, as compared with January 2015–January 2016.

Fall and rise of minimum wage: Between 2010 and 2017, the real minimum wage grew the most in Bulgaria and Romania (in both by roughly 80%). On the other hand, the real minimum wage in Greece fell by almost a quarter.

How minimum wages are set: Different Member States have different mechanisms for setting the minimum wage. This is often done in consultation with the social partners or by means of automatic indexation mechanisms.

Unilateral vs collaborative wage setting: the degree to which governments unilaterally set minimum wages varies between Member States and over time.

- During the economic crisis, and in its aftermath, an increased tendency of the unilateral setting of minimum wage rates by governments in several member states was observed. In more recent years, however, there appears to be a return underway towards more collaborative approaches in determining minimum wages, including with the input of social partners and expert committees.
- Germany and Ireland for the first time used the expert committee for the 2017 (2016 respectively) minimum wage levels. Romania is planning to do so in the future.
- In Spain, the government announced plans to strengthen the involvement of social partners in the coming years and in Hungary, a tripartite consensus has been reached for the first time since 2014.
- In four Member States (Croatia, the Czech Republic, Poland and Slovakia) the minimum wage for 2017 was determined unilaterally by the government.

Coverage by minimum wage: The coverage of the workforce by the minimum wage ranges from 3% in Belgium, the Czech Republic and Malta to 35% in Greece (though the inclusion of part-time workers means that the proportion is not strictly comparable). The proportion seems to be higher in countries that have experienced recent high growth in the minimum wage rate, and in countries where minimum wages are relatively high in relation to average wages.

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Annex

Table A1: Source of information on minimum wage level change

Belgium	Guaranteed minimum monthly income (PDF)
Bulgaria	Decree № 372 of 22 December 2016 Setting a new amount of minimum wage (PDF)
Croatia	Decision on the minimum wage for 2017 (Prijedlog uredbe o visini minimalne plaće za 2017. godinu)
Czech Republic	Government of the Czech Republic, Ministry of Labour and Social Affairs (MoLSA)
Germany	WSI Collective Bargaining Archive
Estonia	Government regulation on the establishment of the minimum wage
France	Décret n° 2016-1818 du 22 décembre 2016 portant relèvement du salaire minimum de croissance
Hungary	Minimum wage guaranteed minimum wage
Ireland	Workplace Relations Commission webpage: National minimum wage
Latvia	Regulations of the Cabinet of Ministers No. 683 (adopted on 25 October 2016)
Lithuania	There is no special legislation or agreement on the rate of minimum wage an employee is entitled to in Lithuania.
Luxembourg	Inspection générale de la sécurité social (PDF) [General inspectorate of the social security]
Malta	Subsidiary Legislation 452.71 National Minimum Wage National Standard Order (PDF) (Last amended 2016)
Netherlands	Official Gazette of the Dutch government (Staatscourant)
Poland	Ministry of Family, Labour and Social Policy – Act Of 12 December 1997: Of additional annual salary for employees of the budgetary sphere
Portugal	Decree Law no. 86-B/2016 (PDF)
Romania	• Annotated labour code Bonificatiile pe care le pot primi salariatii
Slovakia	The Labour Code, S. 129, Payment term of wage
Slovenia	EurWORK Network of European Correspondents
Spain	Statutory minimum wages are normally approved in the BOE (via Royal Decree Act) in December the previous year. A list of historical minimum wages is also published by the Social Security Institute (Ministry of Employment) in its website.
UK	National Minimum Wage (Amendment) Regulations 2016

Table A2: Source of information on minimum wage setting

Belgium	Belgian Federal Public Service Employment, Labour and Social Dialogue – page on wages
Bulgaria	Labour Code
Croatia	10th session of Croatian government
Czech Republic	Government of the Czech Republic, MoLSA, Confederation of Industry of the Czech Republic, ČMKOS
Estonia	• Government approves minimum wage for next two years • Eurofound topical update Statutory minimum wages in the EU 2016
France	Ministry of Labour, Employment, Vocational Training and Social Dialogue – page on minimum wage
Germany	Minimum Wage Act (Mindestlohngesetz, MiloG)
Hungary	Ministry of National Economy – Negotiations are continuing with the minimum wage
Ireland	• Low Pay Commission • Workplace Relations Commission • Department of Jobs, Enterprise and Innovation
Latvia	Proposals of the Ministry of Welfare, responses and reaction from social partners and involved public organizations, decisions and recommendations of National Tripartite Cooperation Council, governments reaction, reaction of the Saeima relevant Commissions: information from media and webpages of relevant institutions
Lithuania	Government Resolution No 644 (22 June 2016)
Luxembourg	Draft bill - 7085 Projet de loi portant modification de l'article L. 222-9 du Code du travail and advices adopted by the Chamber of Civil Servants and Public Employees, the Chamber of Employees and the Chamber of Commerce
Malta	• Subsidiary Legislation 452.71 National Minimum Wage National Standard Order (PDF) • Subsidiary Legislation 452.65 Wage Increase National Standard Order (PDF)
Netherlands	Act on minimum wages and minimum holiday allowance, article 14
Poland	• Ministry of Family, Labour and Social Policy – webpage on social dialogue • Polish government website on social dialogue
Portugal	Decree Law no. 86-B/2016 (https://dre.pt/application/file/a/105658998) and Tripartite Commitment for a mid-term concerted agreement [Compromisso Tripartido para um acordo de concertação de médio prazo] – draft version not available online.
Romania	• Decision no. 1017/2015 of December 30, 2015 to establish minimum gross salary guaranteed payment (PDF) • Changes in pay law in 2017 (article) • The minimum wage for 2017 will be determined by the next government (article)

Slovakia	• Act No. 663/2007, Coll. on the minimum wage • Minutes of meetings of the Economic and Social Council (Hospodarska a socialna rada - HSR) taking place on 15 August 2016 and 4 October 2016.
Slovenia	Official Gazette (No.4/2017; https://www.uradni-list.si/_pdf/2017/Ur/u2017004.pdf)
Spain	• News article in trade union confederation CCOO website • News article in employer confederation CEOE website
UK	Low Pay Commission (information in the graphic relates to determination of NLW and NMW rates applicable from 1 April 2017)

Table A3: Source of information on minimum wage coverage

Belgium	Kampelmann S., Garnero, A. and F. Rycx, F. (2013), <i>Minimum wages in Europe: does the diversity of systems lead to a diversity of outcomes?</i>, ETUI, Brussels.
Croatia	Nestić, D., Babić, Z., and Blažević, S. (2015), <i>Učinci minimalne plaća na zapošljavanje, proizvodnost i životni standard radnika u Hrvatskoj</i> [The effects of the minimum wage on employment, productivity and living standards of workers in Croatia], Ekonomski institute, Zagreb.
Czech Republic	Seminar presentation: <i>Minimum wage in the Czech Republic - development and actual state in 2016</i> by human-resource consulting company Trexima
Estonia	Data from Estonian Tax and Customs Board
France	• DARES (2016), Les emplois du privé rémunérés sur la base du SMIC (PDF), Dares analyses N°14, March 2016 • Salaire minimum interprofessionnel de croissance (PDF), Rapport du groupe d'experts, 5 December 2016
Germany	Federal Statistical Office (Statistisches Bundesamt, destatis), press release from 29 June 2016
Greece	Ministry of Labour (ERGANI system)
Hungary	• http://mfor.hu/cikkek/Hatalmasra_nott_a_berszakadek_megyek_kozott.html • Data from National Employment Service
Ireland	The Economic and Social Research Institute A study of sub-minimum wage rates for young people
Lithuania	Official Statistics Portal – Number of employees by earnings
Luxembourg	• Draft bill – 7085 Projet de loi portant modification de l'article L. 222-9 du Code du travail • Econews 4/2013, 7 October 2013()
Malta	Estimate derived from private correspondence with Malta's National Statistics Office
Netherlands	Centraal Bureau voor de Statistiek Een op de zes jongeren verdient minimumloon
Poland	Data on the number of minimum wage employees are not available on the Central Statistical Office website; information For Poland based on press articles

Portugal	Acompanhamento do Acordo sobre a Retribuição Mínima Mensal Garantida – 2ºRelatório – Setembro 2016 (PDF)
Romania	• Assessment of potential economic and social effects associated with payment of guaranteed gross minimum wage in Romania and its amendment (PDF) • Study performed by National Scientific Research Institute for Labour and Social Protection (PDF)
Slovenia	Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES)
Spain	• Annual Survey on Salary Structure [Encuesta Anual de Estructura Salarial], conducted by the Spanish National Institute of Statistics (INE) • Statistics on the Labour Market by the Spanish Tax Agency [Agencia Tributaria]
UK	National Minimum Wage – Low Pay Commission report autumn 2016 (PDF)

EF/17/03