RESEARCH REPORT

Eurofound

Industrial relations and social dialogue

Minimum wages in 2024: Annual review

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European Foundation for the Improvement of Living and Working Conditions

When citing this report, please use the following wording:
Eurofound (2024), *Minimum wages in 2024: Annual review*, Minimum wages in the EU series, Publications Office of the European Union, Luxembourg.

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Research project: Minimum wages – Annual review (210204)

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Provider: Based on contributions from the Network of Eurofound Correspondents

Acknowledgements: Members of Eurofound’s Industrial Relations Advisory Committee and participants in Eurofound’s March 2024 Brussels briefing on minimum wages provided valuable comments on the report.

Luxembourg: Publications Office of the European Union, 2024

Print:	ISBN 978-92-897-2405-0	ISSN 2599-9303	doi:10.2806/333410	TJ-AS-24-085-EN-C
PDF:	ISBN 978-92-897-2406-7	ISSN 2599-9311	doi:10.2806/643382	TJ-AS-24-085-EN-N

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Introduction

Minimum wages protect workers from unjustified low wages and ensure a level playing field for companies. All EU Member States and Norway have minimum wages in place, albeit in different forms. Among the 27 Member States, 22 have a national minimum wage, with one (or sometimes more than one) rate setting a basic wage floor. In addition, collective agreements are used to further regulate pay and usually set rates above the national minimum wage. In the remaining five Member States and Norway, minimum wages are set in sector-level collective agreements, which includes a high coverage of workers in these countries. The 2024 version of this annual review provides an update on minimum wage developments, details how the rates were set and which criteria were used in their adjustment, and maps the influence of EU-level policy on minimum wage setting.

Policy context

National governments and – depending on national traditions and practices – social partners continue to be the key actors entrusted with the regulation of wages and compensation. The EU Minimum Wage Directive, passed in October 2022, aims to improve standards of living with a view to achieving upward convergence and reducing in-work poverty, wage inequalities, and the gender pay gap. It aims to establish a framework for setting adequate levels of minimum wages and ensuring workers' access to minimum wage protection, within which national actors retain their prerogative in the choice of the modalities of wage setting and implementation, as well as in establishing the levels of minimum wages. Member States must transpose the directive into national law by November 2024, and, at the time of drafting, the required legislative changes and other actions have been assessed and prepared in many countries.

Key findings

- National minimum wage rates for 2024 were substantially increased and – depending on the measure used to calculate inflation – this led to an increase in minimum wages in real terms across most countries. The losses of purchasing power that minimum wage workers experienced between 2021 and 2023 in many countries were thus reversed, as minimum wages in real terms have increased across almost all countries between 2020 and 2024.
- In countries without national minimum wages, there were fewer cases of real increases in the latest bargaining rounds (in a sample of low-paid jobs), and not all losses in purchasing power that have occurred since the onset of the COVID-19 pandemic have been recuperated.
- Among all minimum wage earners, 23% reported difficulties in making ends meet in 2022 on average across EU Member States, which is 10 percentage points higher than for other workers. Also, 10% of minimum wage workers in the EU reported difficulties with keeping their homes adequately warm (compared with 6% of others). Country differences are striking, with minimum wage workers in Greece topping the list regarding difficulties in making ends meet, at 80%.
- Minimum wage earners are relatively spread out over the entire household disposable income distribution: about two-thirds of minimum wage workers live in households belonging to the middle to lower part of the income distribution, but they are underrepresented among the poorest households in the bottom income decile.
- An attempt at capturing the adequacy of minimum wages is possible by looking at the financial squeeze felt by minimum wage earners living in single-person households in 2022. Those minimum wage earners are more likely to face difficulties in making ends meet than their better-paid counterparts in almost all countries: 28% face such difficulties compared with 14% on average across countries. The extent of such difficulties varies widely across countries and seems quite related to general levels of economic development (captured by average income levels).
- The linking of minimum wages to certain percentages of average or median wages, as suggested in the directive, continues, with an increasing number of countries adopting this practice.
- The use of such reference values has certainly played a role in the large increases witnessed in 2024. But while such structural uprating processes are currently being put in place in several countries, less attention was given to other criteria in 2023 when setting the rates for 2024. In particular, considerations of whether the rates are adequate in absolute terms to provide for a decent standard of living were not widespread.

- Inflation rates were the most frequently considered criterion for the setting of the 2024 national minimum wage rates, used in 14 countries, followed by a broad range of country-specific criteria in 10 countries, while 8 Member States with national minimum wages deployed some form of target values for the rates in relation to wages. Less frequently considered were some other forms of wage-level or development-related criteria: the development of gross domestic product and unemployment (6 countries in each case), labour productivity levels and/or developments (5 countries) and employment (4 countries).

Policy pointers

- While an increasing number of Member States are embarking on improving minimum wages relative to average or median wages, thereby increasing the 'fairness' dimension, it is important to further reflect and analyse whether such measures ensure a 'decent standard of living' as an additional dimension in the assessment of adequacy.
- The technicalities of uprating minimum wages to a certain percentage of average or median wages are relatively straightforward, making such uprating a pragmatic first step to raise minimum wages and improve fairness. Analysing and ensuring their adequacy – by also taking into account the absolute cost of living in a Member State, based, for example, on a typical consumption basket of low-paid earners, and long-term labour productivity developments – is more complex. National wage setters, including governments, social partners and expert committees, are free to discuss the most suitable approach for their country contexts regarding what can be deemed adequate and whether it still needs to be achieved.

Disclaimer: The analysis in this report, carried out by Eurofound, is based on inputs from the national correspondents, and the main period reported on is 2023. During a time in which the transposition of the Minimum Wage Directive is ongoing, envisaged changes are still under debate and the subject is a moving target. While all due care has been taken with regard to the information provided and presented, this analysis does not constitute a legal assessment by Eurofound regarding whether Member States' current regulations or proposed amendments of the same are already or will be in line with the directive. This is up to the Member States to analyse and the European Commission to confirm retrospectively.

Introduction

The year 2023, during which rates for minimum wages in 2024 were set, was busy and interesting for all actors involved in the regulation and setting of minimum wages. Two main contextual factors affected minimum wage setting in nearly all EU Member States. First, inflation rates – while still higher than before the cost-of-living crisis started – returned to lower levels. Yet the loss of purchasing power during 2022, seen in a number of Member States, continued to be on the agenda, and, as this report will show, was compensated for. Second, the legal procedures to transpose the EU Minimum Wage Directive[1] were launched in a few countries, while in most Member States preparations were ongoing at the time of drafting this report. The directive requires Member States to transpose its provisions into national regulations by November 2024.

With this deadline nearly a year into the future when the material for this report was compiled (November to December 2023), the questions of how and which aspects of their minimum wage setting Member States will reform are moving targets. Nevertheless, as this review will show, in many countries the setting of the rates for 2024 was already influenced by the directive. In particular, a noticeable continuation of the trend of linking national minimum wage rates to the development of actual wages was observed.

This report is structured as follows.

- Chapter 1 provides an overview of the latest figures: the national minimum wage rates for 2024 in gross and net terms and over time, the developments in collectively agreed minima for low-paid workers in countries without national minimum wages, and a methodological comparison of different approaches to measure collectively agreed pay related to low-paid workers in the latter group of countries.
- Chapter 2 provides information related to the adequacy of minimum wages, based on an analysis of reported difficulties experienced by minimum wage workers in making ends meet and keeping their homes warm.
- Chapter 3 recalls the processes of how minimum wages were set for 2024, including the collective bargaining in countries without national minimum wages. It provides a detailed insight into the criteria that minimum wage setters considered when updating the rates and summarises debates during 2023 on changes in wage setting or other aspects related to minimum wages from the Member States.
- Chapter 4 maps to what extent the EU minimum wage initiative is already exerting an impact on national wage setting by investigating actual and debated changes in the context of selected articles from the directive.
- Chapter 5 completes the report with an overview of the latest research, published during 2023, on minimum wages in the EU and Norway.

A new addition that complements the series of minimum wage reports, including this one, is Eurofound's minimum wage country profiles. They provide the necessary background information on how minimum wage setting is regulated and functions in the EU Member States and Norway.

1 Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union. In this report, for better readability, it will be referred to as the 'Minimum Wage Directive' or the 'directive'.

1 Minimum wages in 2024: Rates and developments since 2020

This chapter focuses on three main areas. First, it provides a picture of the recent evolution of gross national minimum wages, in nominal and real terms. Second, it captures recent trends in collectively agreed minimum wages, in nominal and real terms, for countries without national minimum wages. Third, it presents net values of the minimum wages for all countries.

Gross national minimum wages

Gross national minimum wage rates were increased remarkably in January 2024 across the 22 EU Member States with national minimum wage rates. This continued the high nominal increases observed in January 2023.

Large hikes of gross nominal rates in 2023–2024

The national minimum wage nominal rates were subject to remarkable hikes in January 2024, even above the already unprecedented increases in January 2023 in almost half of the countries. Despite a deceleration of inflation rates across all countries, growing price levels have continued to feature in the decisions of minimum wage setters. The EU Minimum Wage Directive proved to be an additional ‘pull’ factor, triggering substantial increases, as an increasing number of countries aim to put the national minimum wage in line with certain target percentages of actual wages. This resulted in notable increases in the nominal rates, which translated into a better outlook regarding the improvement in the real rates, as will be shown.

Data on the changes in gross nominal national minimum wage rates between January 2023 and January 2024 are presented in Table 1, for the 22 EU Member States with a national minimum wage.[2] The rates were increased in all countries, with hikes in national currencies ranging from above 21% in Poland to 2% in Belgium. Although the increases were even larger than those from a year ago in almost half of the countries, this was not the case in over half of them, which resulted in slightly more moderate progress this year: the median nominal increase (in national currencies) across Member States in 2024 is below 10%, while it was above 11% in 2023 (the average increase is 10% in 2024 and it was almost 12% in 2023). Cyprus is not included in these calculations because its national minimum wage, which was hiked by more than 6% for 2024, was only introduced in January 2023. If included, the median nominal increase in 2024 would have been above 9% (and the average one just below 10%).

Three groups of countries can be distinguished based on the magnitude of the nominal rate hikes (in national currencies), reflecting a regional demarcation.

- A group of 10 countries where the increases are at least 10%. The largest increase occurred in Poland (21.5%), followed by Croatia and Bulgaria (20%), Hungary (15%), Estonia and Latvia (13%), Ireland (12%), Malta (11%) and Lithuania and Romania (10%). With the exception of Ireland, this group includes the newer Member States that joined the EU from 2004. In most cases, these countries hiked their national minimum wages more generously for 2024 than for 2023, except in Hungary, Latvia, Lithuania and Romania.
- A group of seven countries where the hikes range from 6% to 9%. It includes three newer Member States – Czechia (9%), Slovakia (7%) and Cyprus (6%) – but also Greece (9%), Portugal and Luxembourg (8%) and the Netherlands (7%). Greece, Czechia and Luxembourg increased their rates more than in 2023, while the increase was about the same in Portugal and lower in Slovakia and the Netherlands.
- A group of five countries where the rates have been raised by up to 5% in 2024. This was the case in Spain (5%), while progress was even more moderate in Slovenia (4%), Germany and France (above 3%) and Belgium (2%). Across all these countries, the hikes were more moderate than the year before, especially in the cases of Germany (where a government decision resulted in the largest increase in the EU in 2023) and Belgium (where five indexations and a collectively negotiated increase also resulted in a notable expansion between January 2022 and January 2023).

2 Austria, Denmark, Finland, Italy and Sweden are the EU Member States without a national minimum wage. They are covered in the next section.

Table 1: Gross nominal national minimum wages, 22 EU Member States, 2023 and 2024

Country	Converted values per month			National rates and developments			Change 2022–2023 (%)
	2023 (€)	2024 (€)	Change (%)	2023 (€ unless otherwise stated)	2024 (€ unless otherwise stated)	Change (%)	
Luxembourg	2,387	2,571	7.7	2,387/month	2,571/month	7.7	5.8
Ireland	1,910	2,146	12.4	11.3/hour	12.7/hour	12.4	7.6
Netherlands	1,934	2,070	7.0	1,934/month	2,070/month	7.0	12.1
Germany	1,987	2,054	3.4	12.00/hour	12.41/hour	3.4	22.2
Belgium	1,955	1,994	2.0	1,955/month	1,994/month	2.0	15.6
France	1,709	1,767	3.4	1,709/month	1,767/month	3.4	6.6
Slovenia	1,304	1,358	4.2	1,304/month	1,358/month	4.2	12.0
Spain	1,260	1,323	5.0	1,260/month	1,323/month	5.0	8.0
Cyprus	940	1,000	6.4	940/month	1,000/month	6.4	n.a.
Poland	746	978	31.1	PLN 3,490/month	PLN 4,242/month	21.5	15.9
Portugal	887	957	7.9	887/month	956.66/month	7.9	7.8
Malta	835	925	10.8	192.73/week	213.5/week	10.8	5.4
Lithuania	840	924	10.0	840/month	924/month	10.0	15.1
Greece	832	910	9.4	832/month	910/month	9.4	7.5
Croatia	700	840	20.0	700/month	840/month	20.0	12.2
Estonia	725	820	13.1	725/month	820/month	13.1	10.9
Czechia	717	764	6.6	CZK 17,300/month	CZK 18,900/month	9.2	6.8
Slovakia	700	750	7.1	700/month	750/month	7.1	8.4
Latvia	620	700	12.9	620/month	700/month	12.9	24.0
Hungary	579	697	20.4	HUF 232,000/month	HUF 266,800/month	15.0	16.0
Romania	606	663	9.4	RON 3,000/month	RON 3,300/month	10.0	17.6
Bulgaria	339	477	19.6	BGN 780/month	BGN 933/month	19.6	9.9

Notes: *2023 data refer to January 2023 and 2024 data refer to January 2024. The columns headed 'Change (%)' present the growth rates between 2023 and 2024. In most cases, the increase is due to only a single uprate in January 2024, with some exceptions: the increase occurred in April 2023 in Greece, October 2023 in Romania, November 2023 in Belgium and December 2023 in Hungary; two hikes took place in France (May 2023 and January 2024), the Netherlands and Poland (July 2023 and January 2024) and three hikes took place in Luxembourg (February, April and September 2023). Countries are ordered by their minimum wage level (in euro) in 2024. Converted values: rates for countries not in the euro zone (Bulgaria, Czechia, Hungary, Poland and Romania) were converted to euro by applying the exchange rate applicable at the end of the previous reference month (December 2023). Rates for countries with more than 12 wage payments per year (Greece, Portugal, Slovenia and Spain) were converted by dividing the annual sum of the minimum wage by 12 calendar months. Rates for countries where the minimum wage is defined as an hourly rate (Germany, Ireland and the Netherlands) were converted to monthly rates by applying the average number of usual weekly hours as provided in Eurostat metadata for minimum wages. The rate for Malta was converted from a weekly rate to a monthly rate considering weeks per calendar month (52/12). n.a., not applicable.*
Source: *Network of Eurofound Correspondents and Eurofound calculations*

In line with the trend of recent years, a regional divide emerged this year regarding the extent of the hikes. Newer Member States, which are typically characterised by the lowest minimum wage levels in the EU in nominal terms (except Slovenia, Cyprus and Malta) continue to progressively converge towards the levels of the EU15,[3] with their minimum wage levels generally improving more than those of the EU15 in 2024. Nine of the ten countries that registered the highest hikes in 2024 are new Member States (Ireland representing the only exception). Nevertheless, despite this ongoing process of convergence, differences in the levels of national minimum wages between countries remain significant, as illustrated in Box 1.

3 EU15 refers to the Member States that were part of the EU prior to the 2004 enlargement.

Box 1: Cross-country differences in hourly national minimum wages

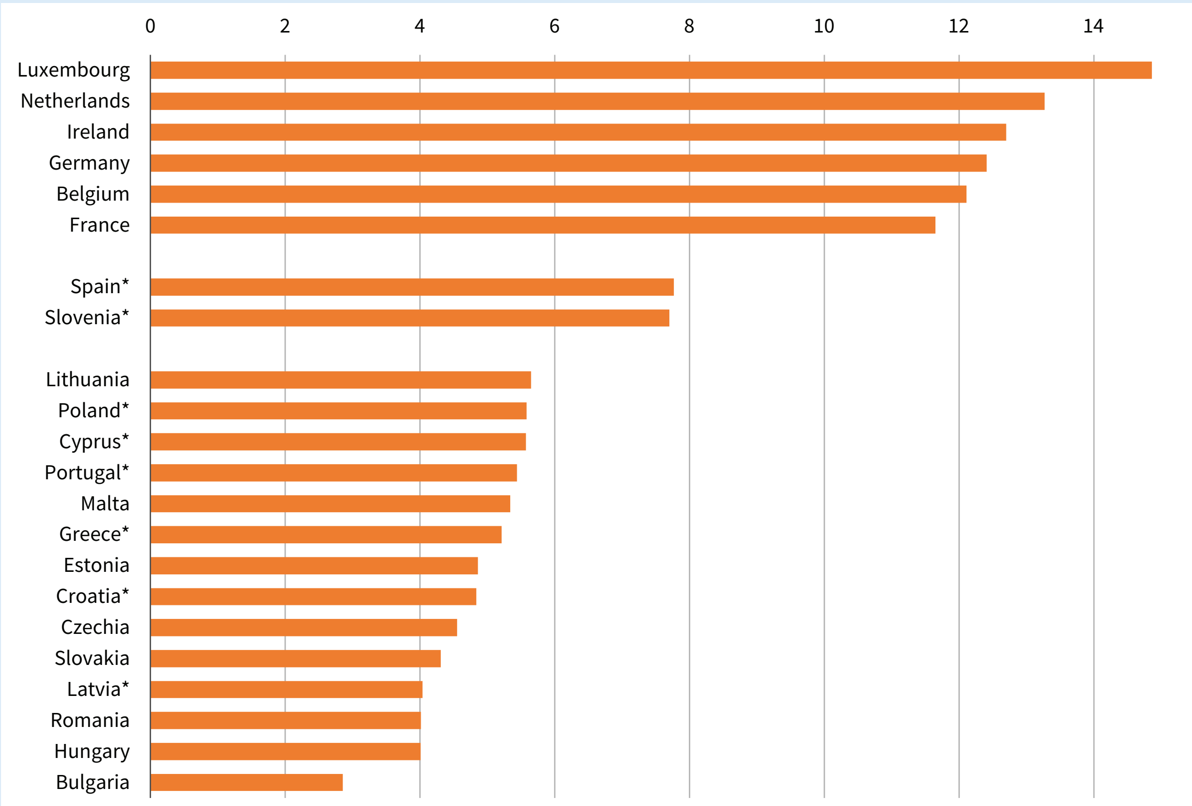
Hourly rates of national minimum wage levels are better suited than other rates to describe the realities of those minimum wage earners working part time or reduced hours. Cross-country differentials are significant, as reflected by Figure 1. Three groups of countries can be broadly distinguished.

Nominal hourly rates are highest in six older Member States. They reach almost €15 in Luxembourg, around €13 in the Netherlands and Ireland, above €12 in Germany and Belgium, and just below €12 in France.

There are two countries where hourly rates are intermediate: Spain and Slovenia, with rates just below €8. While these rates are significantly lower than those of the previous group, they are still substantially higher than those of the next group.

Hourly rates are lowest in a group of 14 countries that includes mainly new Member States: above €5 (but less than €6) in Lithuania, Poland, Cyprus, Portugal, Malta and Greece; from less than €5 to €4 in Estonia, Croatia, Czechia, Slovakia, Latvia, Romania and Hungary; and below €3 in Bulgaria.

Figure 1: Notable disparities between countries in gross hourly national minimum wages, 22 EU Member States, nominal terms, January 2024 (€)



Notes: *For most countries, hourly minimum wages are legally defined at hourly rates, sometimes in addition to a monthly definition. For countries marked with *, rates have been converted to an hourly rate by considering the average number of usual weekly hours of work (Eurostat [lfsa_ewhun2]) and 4.33 weeks of work per calendar month. This conversion is based on the average hours worked among all employees, so it could result in an underestimation of minimum wage hourly rates in countries where working hours among minimum wage workers are below the national average.*
Source: *Network of Eurofound Correspondents, Eurostat and Eurofound calculations*

Sub-minimum rates and higher rates

Beyond the national minimum wage rates presented above, several countries set lower rates for special groups of the population, mainly the youngest workers. The rationale behind such targeted lower rates is to support the employment of that specific group. That is why the number of countries introducing such sub-minima expanded in the years immediately following the Great Recession (2007–2009), as an attempt to improve the bleak employment prospects of young workers or workers with more limited work experience (or the long-term unemployed).

On the other hand, introducing sub-minima implies accepting that a certain group can receive a wage below the national threshold, which raises discrimination concerns. Following the economic and labour market improvement from the mid-2010s, the use of sub-minima became less widespread as many countries either abolished or reduced them. More recently, the EU Minimum Wage Directive does not rule out the possibility of having sub-minima when they are non-discriminatory and proportionate, but its spirit discourages them, as it advises that 'it is important to avoid variations and deductions being used widely, as they risk having a negative impact on the adequacy of minimum wages' (recital 29). Table 2 presents the latest information, as of January 2024, on the existing sub-minima across EU Member States with national minimum wages, most of which apply to younger workers.

Table 2: Sub-minimum rates for selected EU Member States as of January 2024

Country	Groups of workers	% of full rate
Belgium	Workers aged 16 or younger (without student contract)	67
	Workers aged 17 (without student contract)	73
	Workers aged 18 (with student contract)	79
	Workers aged 19 (with student contract)	85
	Workers aged 20 (with student contract)	90
Cyprus	Workers younger than 18, for casual work not exceeding two consecutive months	75*
	Rate can be reduced if the employer provides meals and/or accommodation	75*
France	People aged 15–17 with less than six months of experience in the sector	80 (15/16 years) and 90 (17 years)
	People under 16 working during summer holidays	80
	Young people on professional contracts** (rate depending on age and previous qualifications)	55–100
	Apprentices, depending on age, seniority and the applicable sectoral agreement	27–78
	Trainees	Not applicable***
	Workers with disabilities employed in specific centres dedicated to the inclusion of such workers	56–111
	Employees working in the department of Mayotte	76
Ireland	Workers aged under 18	70
	Workers aged 18	80
	Workers aged 19	90
Latvia	Convicted people (serving a sentence in a prison)	50
Luxembourg	Workers aged 15 to less than 17	75
	Workers aged 17 to less than 18	80
Malta	Workers aged under 17	95.5
	Workers aged 17	96.8
Netherlands	Workers aged 15	30
	Workers aged 16	34.5
	Workers aged 17	39.5
	Workers aged 18	50
	Workers aged 19	60
	Workers aged 20	80
Portugal	Workers on apprenticeships and internships	80
	Workers with disabilities	50

Notes: ** In Cyprus, for people within the first six months of service, the national minimum wage from January 2024 is €900 (€1,000 after six months). The sub-minima of 75% is set using that lower threshold. ** In France, these contracts allow young employees to acquire a professional qualification and promote their professional integration or reintegration. *** They may not be paid if they work less than two months (otherwise, the minimum wage is €4.35 per hour).*
Source: *Network of Eurofound Correspondents, based on national official sources*

Rates above the national minimum wage targeted at specific groups of workers are provided by a number of countries. These higher minima are related to occupational categories, seniority or qualifications, or to the level of job demands (Table 3).

Romania has a higher national minimum wage rate for workers in the agriculture and food industry sector, and an even higher one for construction workers. **Hungary** and **Luxembourg** have higher rates for employees based on their level of skills and qualifications. **Hungary** applies different national minimum wages for skilled and unskilled employees: the one for skilled workers applies to most workers (since a majority of them have some type of training), while the one for unskilled workers is the official rate even though it applies to fewer people. In **Luxembourg**, a recognised official certificate for the relevant profession (such as vocational skills certificates or diplomas) determines the 'qualified' and 'skilled' status (which can also be obtained via a specified number of years of practical professional experience). In **Slovakia**, six different minimum wage rates are mentioned in law, derived from the basic national minimum wage rate. These rates become higher depending on the degree of job demands.

Gains in purchasing power among minimum wage earners

The notable hikes to the nominal rates of national minimum wages in January 2024 continued the trend set off in the previous year. The average increase across countries in January 2024 is in fact slightly below the average of the hikes implemented in January 2023, despite the 2024 hike being more generous than the previous year in almost half of the countries.

The main difference from what occurred one year ago is the extent to which these nominal hikes have translated into gains in purchasing power among minimum wage earners, since inflation rates between January 2023 and January 2024 have greatly moderated across EU Member States when compared with the inflationary pressures registered between January 2022 and January 2023.

Table 3: Higher minimum rates for selected EU Member States as of January 2024

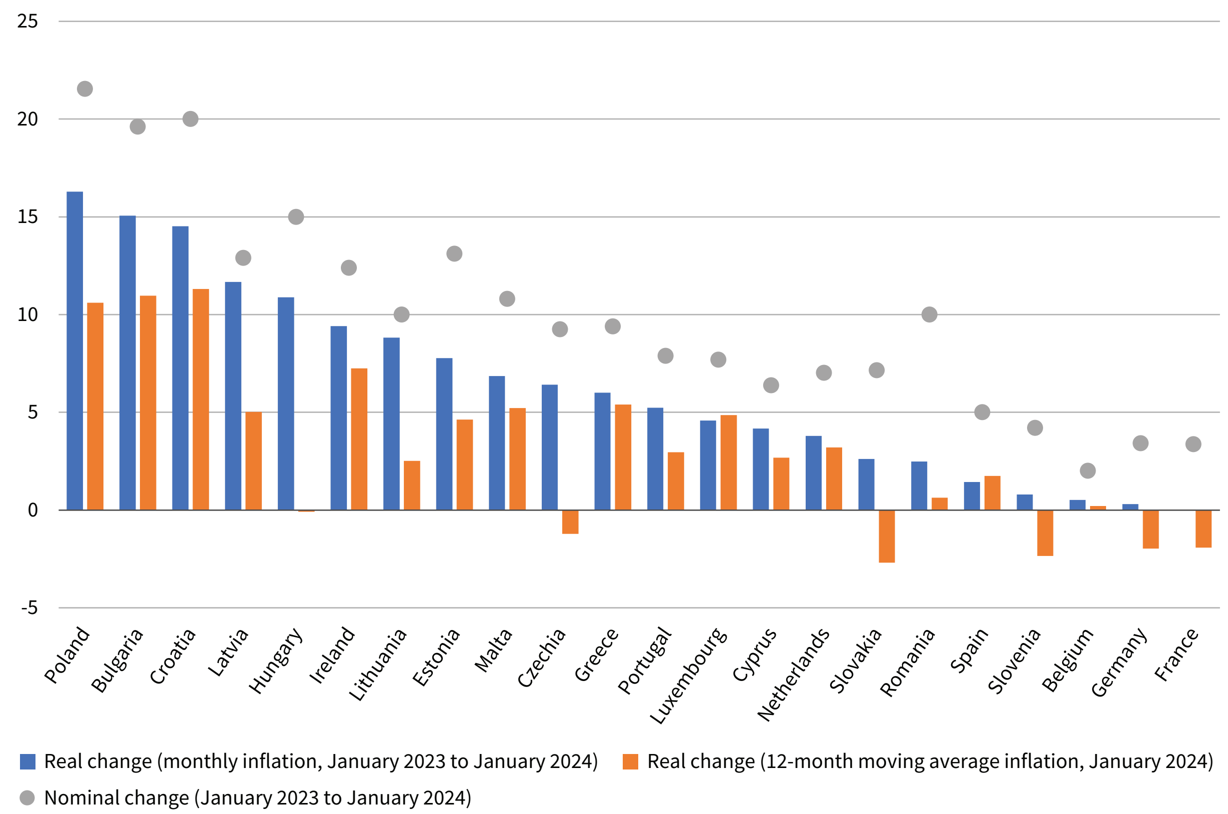
Country	Groups of workers	% of full rate
Czechia	1 – Unskilled work consisting of simple work tasks, for example kitchen assistant, cleaner, courier and other unskilled jobs.	100.0
	2 – Homogeneous work	103.2
	3 – Professional work	112.7
	4 – Professional work with complete independent systems	115.3
	5 – Professional specialised works	127.5
	6 – System works	140.7
	7 – Systemic specialised work	155.6
	8 – Creative systemic work	200.0
Hungary	Skilled workers with at least a secondary education or any professional qualifications ('Guaranteed minimum wage for…')	122
Luxembourg	Qualified workers aged 18+	120
Romania	Construction workers	152
	Agriculture and food industry workers	114
Slovakia	Job demands level 1: for example, performance of ancillary, preparatory work or handling activities according to concrete instructions	100
	Job demands level 2: for example, performance of integrated routine service activities or routine professional activities, controllable according to the given instructions	115
	Job demands level 3: for example, performance of heterogeneous or comprehensive professional work or independent assurance of less complicated business	131
	Job demands level 4: for example, independent assurance of professional business or performance of partial conceptual, systemic and methodical work involving increased mental effort	146
	Job demands level 5: for example, performance of specialised systemic, conceptual, creative or methodical work involving high mental effort	162
	Job demands level 6: for example, tasks involving creative solutions in an irregular manner without specified outputs with a high rate of liability for damages with the widest societal implications	177

Source: *Network of Eurofound Correspondents, based on national official sources*

The purchasing power of national minimum wages improved across all countries except France (where it remained stable) between January 2023 and January 2024, as shown in Figure 2. The magnitude of the improvements in real terms generally follows the demarcation identified in the nominal hikes: national minimum wages have increased in real terms by more than 10% in five central and eastern European countries (Poland, Bulgaria, Croatia, Latvia and Hungary), by more than 5% in some other new Member States (Lithuania, Estonia, Malta and Czechia) as well as in Ireland, Greece and Portugal, and by less than 5% in a group of EU15 Member States (Luxembourg, the Netherlands, Spain, Belgium and Germany) and EU13 Member States[4] (Cyprus, Slovakia, Romania and Slovenia), while they remained stable in France.

It is worth noting that the calculation of national minimum wages in real terms is sensitive to the measure of inflation used. The picture changes slightly if, instead of changes in price levels between January 2023 and January 2024, the 12-month average inflation rate is used (that is, average inflation over February 2023 to January 2024). Due to the deceleration in price increases throughout 2023, the gains in purchasing power among minimum wage earners become less significant when using the latter measure of inflation: they still occur across most countries (albeit somewhat more moderately), but a loss of purchasing power emerges in six of them (Slovakia, Slovenia, Germany, France, Czechia and, albeit only negligibly, Hungary). The current decline in inflation rates explains why the calculations of changes in minimum wages in real terms over the last year are sensitive to the measure of inflation employed and may deviate slightly from those presented elsewhere (for example, Müller, 2024). Likewise, national statistics on real developments of minimum wages can differ, as national minimum wage setters are usually guided by national non-harmonised consumer price indices when adjusting the minimum wage levels.

Figure 2: Generalised gains in purchasing power among minimum wage earners (rate of change in gross national minimum wages in real terms, 22 EU Member States, January 2023 to January 2024 (%))



Notes: *Data refer to the growth rate between January 2023 and January 2024. Real values have been calculated by deflating nominal rates using monthly data from Eurostat's Harmonised Index of Consumer Prices (HICP), which can lead to slightly different results from calculations based on national non-harmonised consumer price indices. Two real values are calculated by using two inflation measures: one using monthly inflation data and comparing price levels in January 2023 and January 2024 [prc_hicp_midx] (countries are ranked by the magnitude of increase in real rates based on this inflation measure) and one using the 12-month average rate of HICP change, as measured in January 2024 [prc_hicp_mv12r]. 22 Member States with a national minimum wage are included.*
Source: *Network of Eurofound Correspondents, Eurostat (for HICP data) and Eurofound calculations*

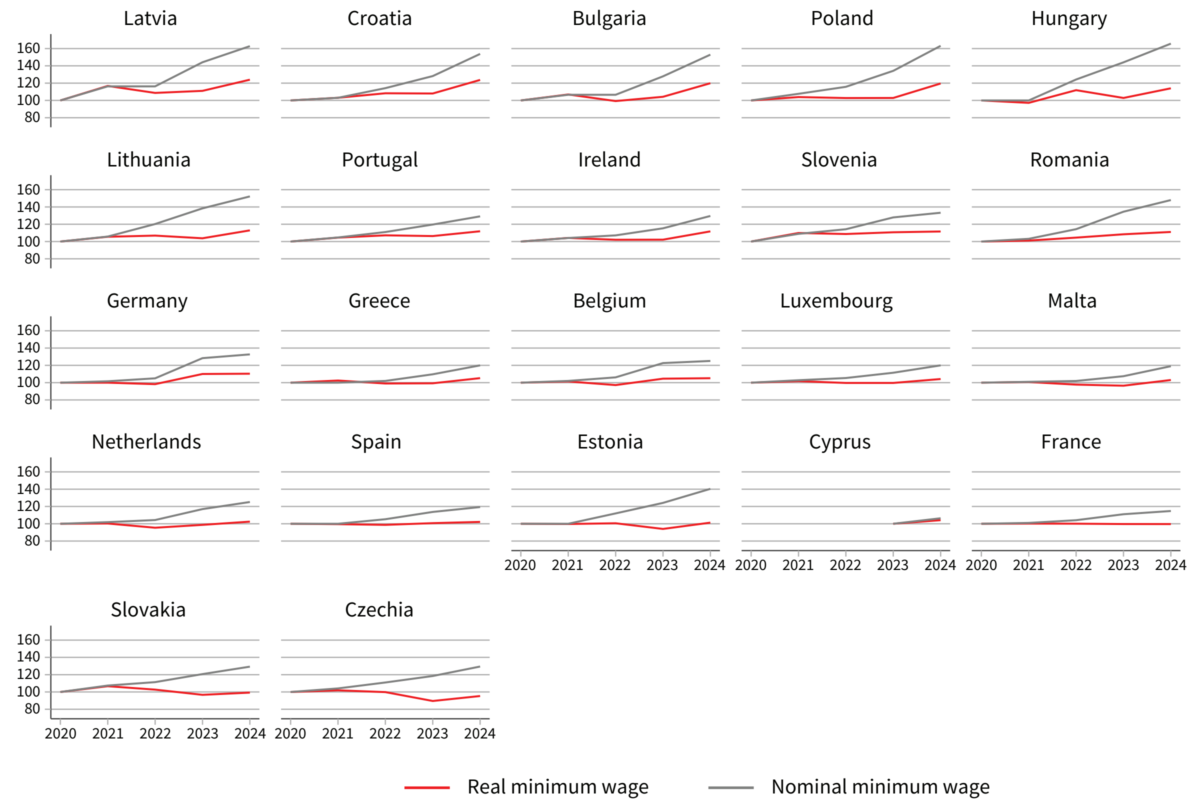
4 EU13 refers to the newer Member States that became part of the EU following the 2004 enlargement.

In contrast to these substantial purchasing power gains among minimum wage earners in 2024, the picture one year ago was one where such purchasing power was broadly maintained in many countries, while some countries experienced gains and others experienced deterioration. The minimum wage adjustments for 2023 took place against a background of accelerating inflation where the final extent of such price rises was unknown. On the contrary, the processes to decide on the 2024 levels took place against a background in which, from the very beginning, social partners and governments were aware of the soaring price levels affecting EU Member States in recent years. This awareness, together with the moderation in inflation rates when compared with the previous year, was a determining factor in explaining the notable improvement of minimum wage rates in real terms in 2024. Another relevant factor was the deployment of more 'structural' increases of the rates.

The purchasing power of minimum wages improved from pre-pandemic levels. While the high inflation rates of 2023 resulted in a loss of purchasing power in several countries, the new figures show that the tide has already turned, back to the previous trend: the significant increase in national minimum wage rates in real terms in 2024 means that the purchasing power among minimum wage earners is now higher than it was in January 2020, before the start of the pandemic, across most countries. This is shown in Figure 3, which depicts the evolution of national minimum wages in nominal and real terms between 2020 and 2024 (calculating in this case only one measure of minimum wages in real terms, by using monthly inflation data).

The evolution of minimum wages in real terms reflects how, in the aftermath of the pandemic, price levels started increasing, initially at a moderate pace, during 2021, pushed by rising energy prices, and more intensively from 2022, as knock-on effects from higher energy prices began to affect the rest of the economy.

Figure 3: Minimum wage earners have gained purchasing power since the onset of the pandemic (evolution of gross national minimum wages in real terms, 22 EU Member States, 2020–2024)



Notes: *Data are provided in indices (2020 = 100) and refer to the values in January of each year. Real values have been calculated by deflating nominal rates using monthly data on price levels (Harmonised Index of Consumer Prices (HICP)). Countries are ordered by the magnitude of the increase (in %) in real rates between January 2020 and January 2024 (2023–2024 for Cyprus).*
Sources: *Network of Eurofound Correspondents, Eurostat (for HICP data) and Eurofound calculations*

Against this background of growing price levels, especially in 2022 and 2023, it is relevant that the purchasing power of minimum wage earners in 2024 is higher than it was even before the start of the pandemic in 2020 across almost all countries. When comparing the evolution of minimum wages in real terms from January 2020 to January 2024 (ranking countries by the magnitude of the increase over this period), three groups of countries can be identified.

- Significant purchasing power gains (above 10%) emerge in a group of 11 countries. This group mainly includes central and eastern European countries (Latvia, Croatia, Bulgaria, Poland, Hungary, Lithuania, Slovenia, Romania), as well as Portugal, Ireland and Germany (due to very large nominal hikes in Ireland in 2024 and Germany in 2023).
- Moderate purchasing power gains (up to 5%) occurred in eight countries, including a mix of Mediterranean countries (Greece, Malta, Spain) and some other EU15 Member States (Belgium, Luxembourg, the Netherlands), plus Estonia. Minimum wages in real terms have also increased in Cyprus (by 4%), but only from 2023, when the national statutory minimum wage was introduced.
- In only three countries is purchasing power among minimum wage earners not above the level it was four years ago: it is broadly the same in France and Slovakia, and decreased by 5% in Czechia.

Recent trends in collectively agreed minimum wages

This section focuses on minimum wage developments in countries without a national minimum wage: Austria, Denmark, Finland, Italy, Norway and Sweden. It continues to follow the approach developed for and applied in previous reports in this series, which employs a selected sample of the largest collective agreements and the minimum wage rates contained in these, covering 10 selected low-paid jobs that employ high numbers of workers.[5] See Eurofound (2021, 2022, p. 15) for a description of the methodology. The main reason for continuing with the jobs-based methodology in this annual review was the timeliness – data are available into 2024 – and comparatively low effort involved in gathering the information, as it is 'only' based on up to 10 agreements by country and could therefore be updated within the scope and available time and resources of this report. A larger sample published in Eurofound's database of collective agreements for low-paid workers (covering January 2015 to December 2022) is available, and will be updated in 2025.

A comparison of the results of this 10-jobs approach with the newly developed method employed in the database, which provides a larger sample of collective agreements related to low-paid workers, can be found in Annex 1 (see the section 'Comparing approaches to track negotiated wages') (Eurofound, 2024). The results of this comparison show that the two approaches, which are based on different samples of collective agreements related to low-paid sectors or jobs, result in largely comparable levels and developments, with some deviations by country. Likewise, a comparison with the trends in average collectively agreed pay rates in these countries, derived from national statistics, shows that the trends are relatively similar. It can therefore be concluded that the 10-jobs method is a good approximation for mapping trends in negotiated pay in these six countries.

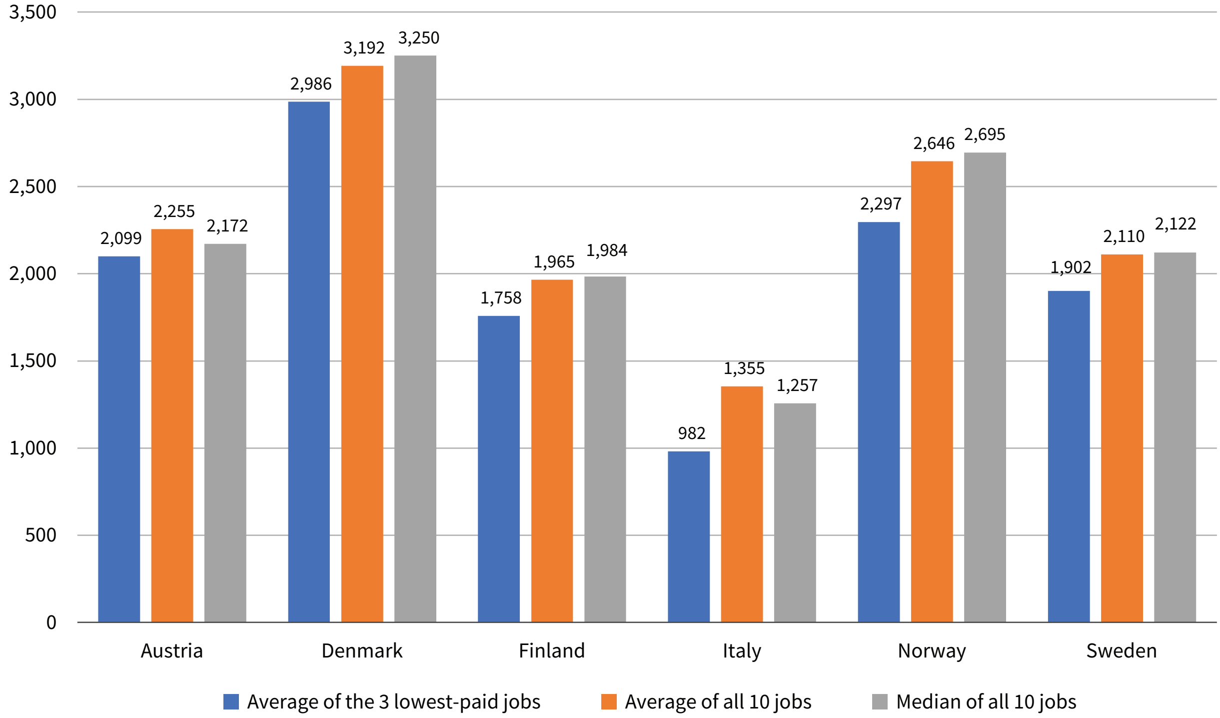
Further information on the main sector-level bargaining rounds of 2023 with a specific focus on low-paid workers can be found in Chapter 3 in the section 'Process of minimum wage setting for 2024'.

The results of the jobs methodology referring to 1 January 2024 are shown in Figure 4.

The average of the basic minimum wages in the 10 selected low-paid jobs in force on 1 January 2024 ranges from €1,355 in Italy to €3,192 in Denmark. The average rate, converted to euro, is equal to €1,965 in Finland, €2,110 in Sweden, €2,255 in Austria and €2,646 in Norway. The median value of the basic minimum wages, accounting for extremes in terms of both high and low values, ranges from €1,257 in Italy to €3,250 in Denmark.

5 We use the term 'job' to refer to an occupation (based on International Standard Classification of Occupations (ISCO) codes) within a specific sector (based on Nomenclature of Economic Activities (NACE) codes).

Figure 4: Collectively agreed average and median monthly wages in 10 low-paid jobs, January 2024 (€)



Notes: *Rates for countries with more than 12 monthly wage payments per year were converted by dividing the annual sum of the minimum wage by 12 calendar months. Hourly rates were converted to monthly rates by applying the collectively agreed working hours (or 162.5 hours per month for Norway). Rates for countries not in the euro zone were converted to euro by applying the exchange rate applicable at the end of the previous reference month.*
Source: *Network of Eurofound Correspondents, based on pay rates set in the largest collective agreements related to the 10 jobs*

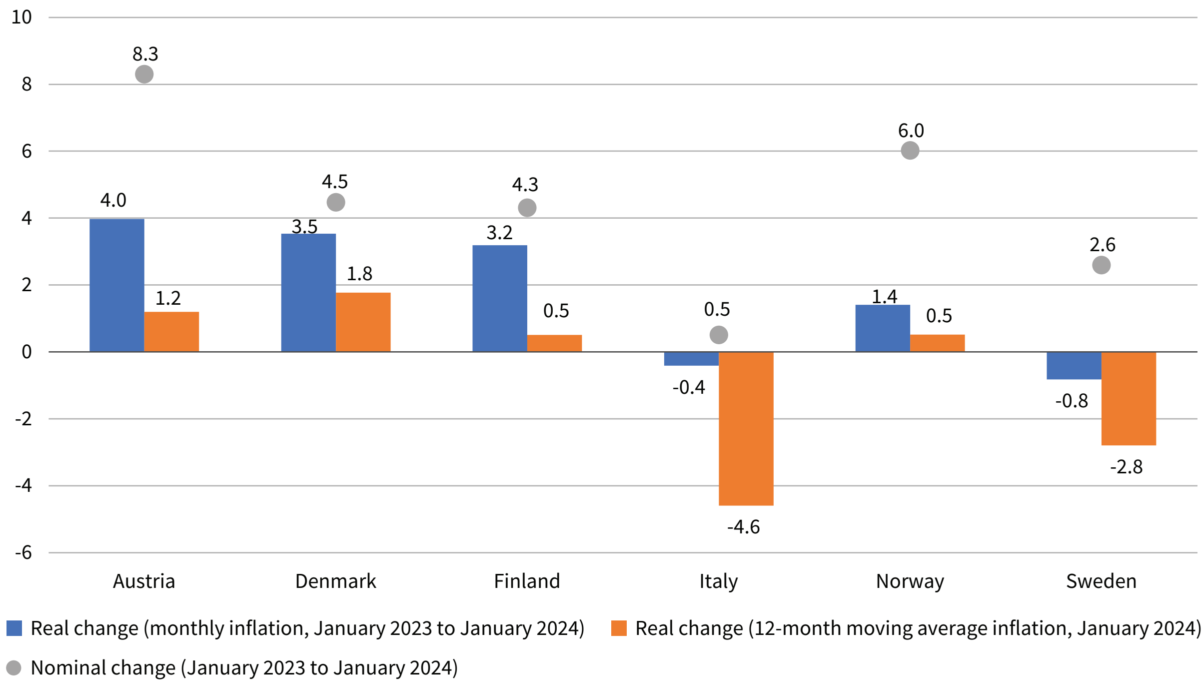
Between 1 January 2023 and 1 January 2024, the nominal negotiated minimum wages analysed in the 10 low-paid jobs grew, on average, most in Austria (8.3%) and Norway (6.0%). In Denmark, a 4.5% increase was noted. In Finland, the wages grew by 3.9% and in Sweden by 2.6%, while in Italy only a 0.5% increase was recorded (see Tables A3 and A4 for nominal rates and wage changes for all 10 jobs).[6] In real terms, as described in the previous section, the findings are dependent on which measure of inflation is used, as inflation considerably declined throughout 2023.

When using monthly inflation data and comparing monthly minimum wages between January 2023 and January 2024 based on the average negotiated wages related to the 10 low-paid jobs, most countries without national minimum wages, except for Italy and Sweden, saw a real increase. The negotiated increases secured throughout 2023, however, translate into lower increases in real terms – or rather declines when considering the 12-month moving average rate. In the latter case, in Austria, Denmark, Finland and Norway small increases in real terms remain. Using different definitions for the nominal rates, for example, averages throughout the year instead of monthly observation points, would add further variation. These numbers are depicted in Figure 5.

For minimum wage workers, the timing of the increases during 2023 – in light of the initially high inflation – was therefore particularly important.

6 In Italy, the rates for the 10 jobs are based on six major agreements. Out of those, only the rates in the domestic sector agreement (CCNL Lavoro Domestico) were updated in 2023 in line with inflation, based on a compulsory wage adjustment mechanism provided by Article 38 of the agreement. Three agreements have not been renegotiated in light of high inflation and remain valid until 2024 or 2025. Two agreements expired before 2023 and were not renewed but remained ultra-active, therefore still guaranteeing a wage floor but not guaranteeing increases.

Figure 5: Change in average monthly minimum wages set in collective agreements for 10 low-paid jobs, in nominal and real terms, 1 January 2023 to 1 January 2024 (%)



Notes: *Change is calculated in national currencies. Many agreements are renewed during the year. Rates agreed after 1 January 2024 have not been taken into account. Two real values are calculated by using two different inflation measures: one using monthly inflation data and comparing price levels in January 2023 and January 2024 [prc_hicp_midx] and one using the 12-month average rate of Harmonised Index of Consumer Prices change, as measured in January 2024 [prc_hicp_mv12r].*
Source: *Network of Eurofound Correspondents, based on collective agreements and Eurostat*

Box 2: Inflation and pay outcomes

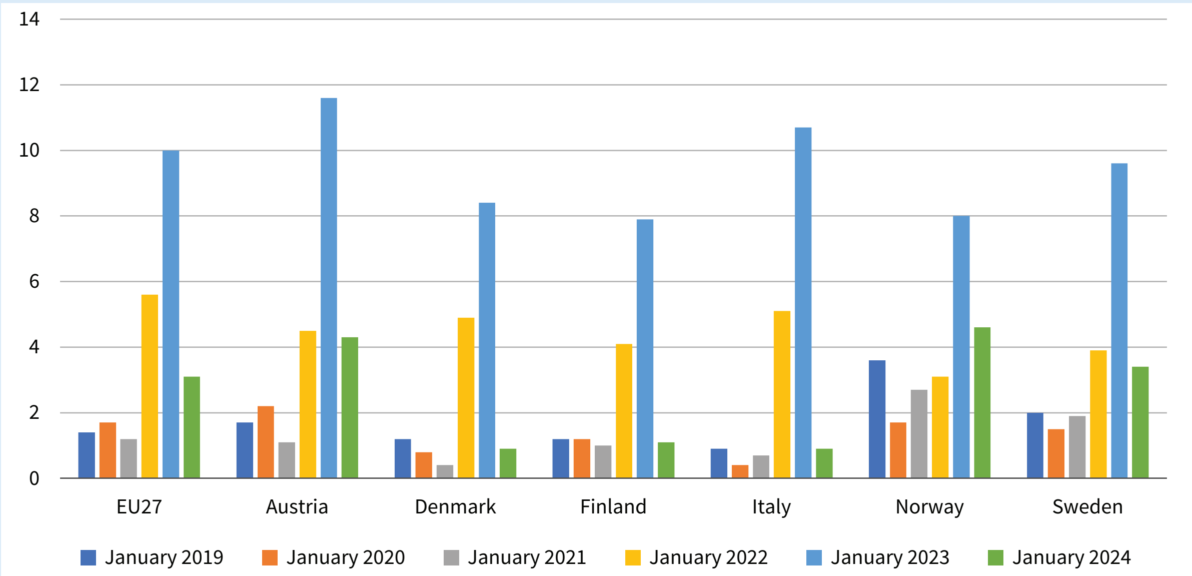
Inflation and real wage increases were among the main topics of the bargaining rounds in 2023 in virtually all countries without a national minimum wage, following the economic strains of the COVID-19 pandemic, disruption to supply chains and the war in Ukraine in the previous years. Figure 6 shows that the highest inflation, ranging from 8% in Finland to almost 12% in Austria, was recorded from January 2022 until January 2023.

The inflation seemed somewhat tamed in the following period up until January 2024, especially in Denmark, Italy and Finland, although it remained relatively high (around the 4% mark) in Austria, Sweden and Norway.

The developments in negotiated wages for 2023 and 2024 show that renegotiating collectively agreed wages in real terms is more challenging and slower than uprating national minimum wages. It takes social partners some time to renegotiate the collective agreements, and the outcomes, depending on if and how fast rates can be renegotiated, are largely dependent on the bargaining tradition and system in each country and on the frequency of bargaining rounds in each sector. For example, during 2023 in Sweden, where bargaining rounds typically take place every three years, 470 out of 700 existing sectoral agreements were renegotiated. The ultra-validity of collective agreements and related wage tables also plays a role. In most of the countries, there is no tradition of renegotiating valid pay rates, unless there is a specific inflation provision in the collective agreement providing for the automatic indexation of the pay rate, such as the one in the domestic work agreement in Italy. If pay rates are negotiated for shorter periods, for instance one year, there is a higher chance that the new rates will reflect the current economic situation and inflation projections. Conversely, in Italy, the sampled agreements related to low-paid jobs were not renegotiated, either due to a lack of regular bargaining rounds and a system that tends to be less dynamic than in other countries, or due to some rates still being valid until 2024 or 2025.

Across the countries with collectively agreed wages, we see different approaches leading to different outcomes. In Austria and Italy, trade unions presented demands to the governments to introduce supportive measures for low-paid employees. For instance, the Austrian Trade Union Federation (ÖGB) was vocal in demanding anti-inflation measures from the federal government and held a protest week (‘Aktionswoche Preise Runter’) across Austria. Demands included the suspension of value added tax on food and everyday goods and a cap on energy, heating and housing costs. In Italy, the Budget Law introduced measures on reducing the threshold for the lower tax band, tax incentives for hiring young people and women, measures related to energy prices and support for families with dependent children. In Denmark and Finland, real wage recovery was among the main requests of trade unions, and this was secured by high increases in the export-oriented industry workers' agreement and the Industrial Agreement, respectively. In Sweden, the trade unions prioritised taking responsibility for the overall economy when they negotiated wages and did not push for real wage increases in the face of high inflation, taking into account the risk of a wage–price spiral when negotiating, but rather focused on compensation of those in low-wage occupations, who are most affected by high prices.

Figure 6: Annual monthly rate of inflation change, all items on the Harmonised Index of Consumer Prices, January 2019 –January 2024 (%)

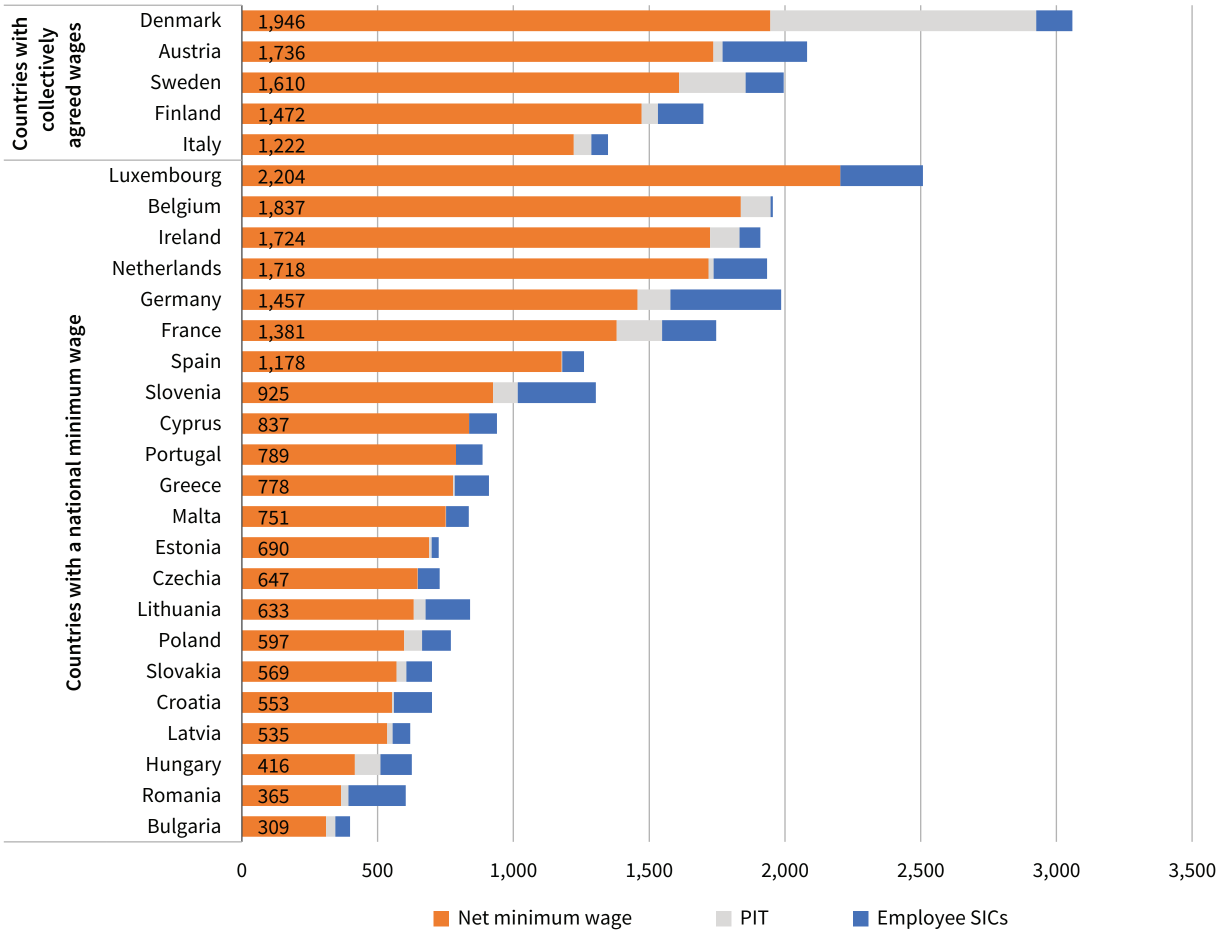


Source: *Authors' calculations using Eurostat data [prc_hicp_manr]*

Net values of minimum wages in 2023

National minimum wages are set by the wage setters in gross terms. However, gross values paint only part of the picture. In order to make comparisons across countries, it is important to also consider the purchasing power of employees, as shown in the previous section, or the take-home pay. The net wage or take-home pay is what is left after personal income tax (PIT) and employee social insurance contributions (SICs) are deducted from the gross wage. The tax and benefits systems vary greatly across EU Member States, with there being many variables at play, such as income thresholds, the composition of the household or deductible parts of the tax base. For the purposes of estimating the net wage of a minimum wage earner, we use the Euromod tax–benefit microsimulation model (version I6+) with an assumed household of a single 40-year-old without children, who works full time as an employee, earning the national minimum wage and living in their own main residence. For a detailed description of the methodology, see Eurofound (2023a, p. 18). This year, we also estimate the net earnings in countries that have collectively agreed minimum wages, and use the average of the rates for 10 low-paid jobs as the reference value. Estimates are used because data for 2023 are not yet available in the Eurofound database of collective agreements for low-paid workers.

Figure 7: Net monthly minimum wage, personal income tax (PIT) and employee social insurance contributions (SICs) for a single minimum wage earner, EU27, 2023 (€)



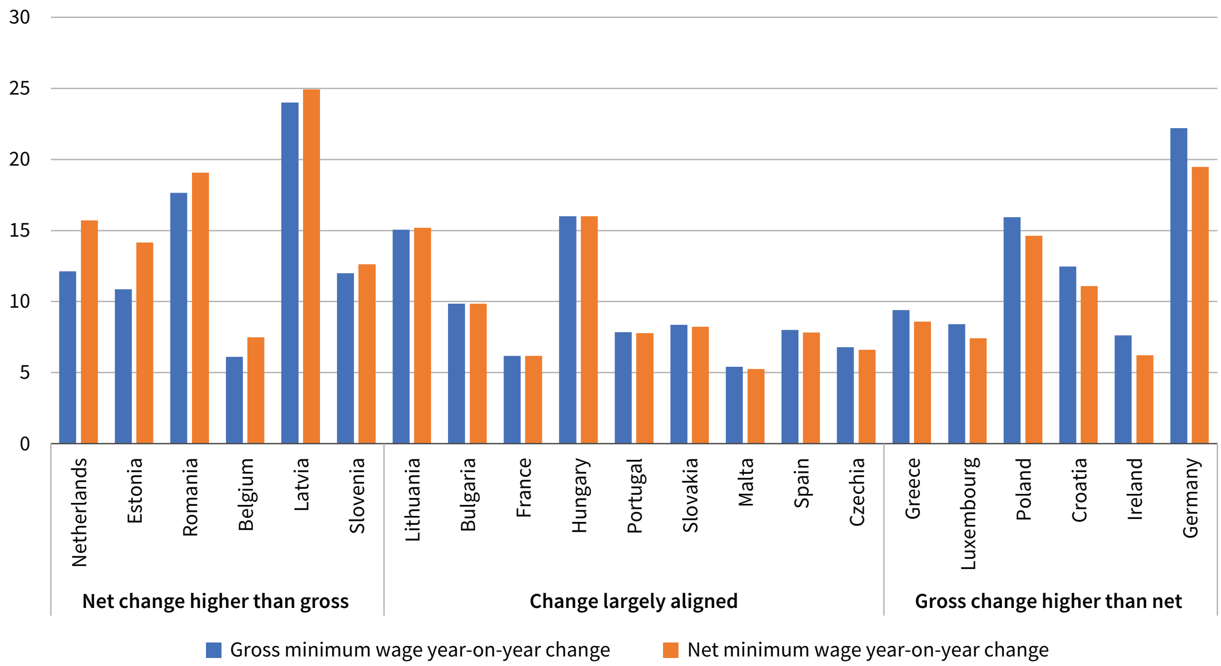
Notes: *The total length of the bar refers to the gross monthly minimum wage (net minimum wage plus PIT plus employee SICs paid on the gross minimum wage). For countries with more than 12 national minimum wage payments a year (Greece, Portugal, Slovenia and Spain) and countries with collectively agreed minimum wages (with more than 12 wage payments per annum as stipulated in the relevant agreements), the amounts of the gross monthly minimum wage have been converted to reflect 12 payments. For countries not in the euro zone, the minimum wages in their national currencies were converted into euro by applying the monthly exchange rate of the end of the previous month (May 2023). For countries without national minimum wages, the average of 10 low-paid jobs is used as the reference value.*
Source: *Eurofound calculations based on Euromod I6+*

Differences in tax and benefit systems across countries explain situations in which similar gross wages lead to very different outcomes in terms of net wages, as Figure 7 shows. In 2023, for instance, the gross minimum wage in Germany was €1,987, while in Netherlands it was €53 lower (€1,934). At the same time, in the Netherlands an employee on the minimum wage would take home €1,718, while in Germany it would be €261 less (€1,457).

In parallel with the national minimum wage increases, both net minimum wage amounts and taxation mechanisms also change from year to year. Figure 8 shows that, between 2022 and 2023, net wages grew noticeably more than gross wages in six countries.

In the Netherlands, there was a 12.1% increase in the gross minimum wage, but a 15.7% increase in the net wage for workers. In Estonia, the net wage grew faster by 3.3 percentage points. In Romania and Belgium, growth of the net wage was faster than that of the gross wage by 1.4 percentage points. The difference in growth was 0.9 percentage points in Latvia and 0.6 percentage points in Slovenia. In nine countries, the change in gross and net wages was roughly aligned, while in six countries – including Poland, Croatia, Ireland and Germany – gross minimum wages grew faster than the take-home pay. Between June 2022 and June 2023, the gross minimum wage change in Germany was 2.7 percentage points higher than the net minimum wage change.

Figure 8: Net and gross minimum wage changes from 1 June 2022 to 1 June 2023 (%)



Note: *Countries are in order of the difference between net and gross minimum wage changes.*
Source: *Eurofound calculations based on Euromod I6+*

Figure 9 shows that the average employee tax rate, consisting of the PIT and SICs, ranged from 4.0% in the Netherlands to 39.5% in Romania. In countries with collectively agreed wages, the tax rate ranged from 9.4% in Italy to 36.4% in Denmark.

In seven countries – Malta, Spain, Czechia, Luxembourg, Cyprus, Portugal and Greece – virtually no PIT was applied on the gross minimum wage.

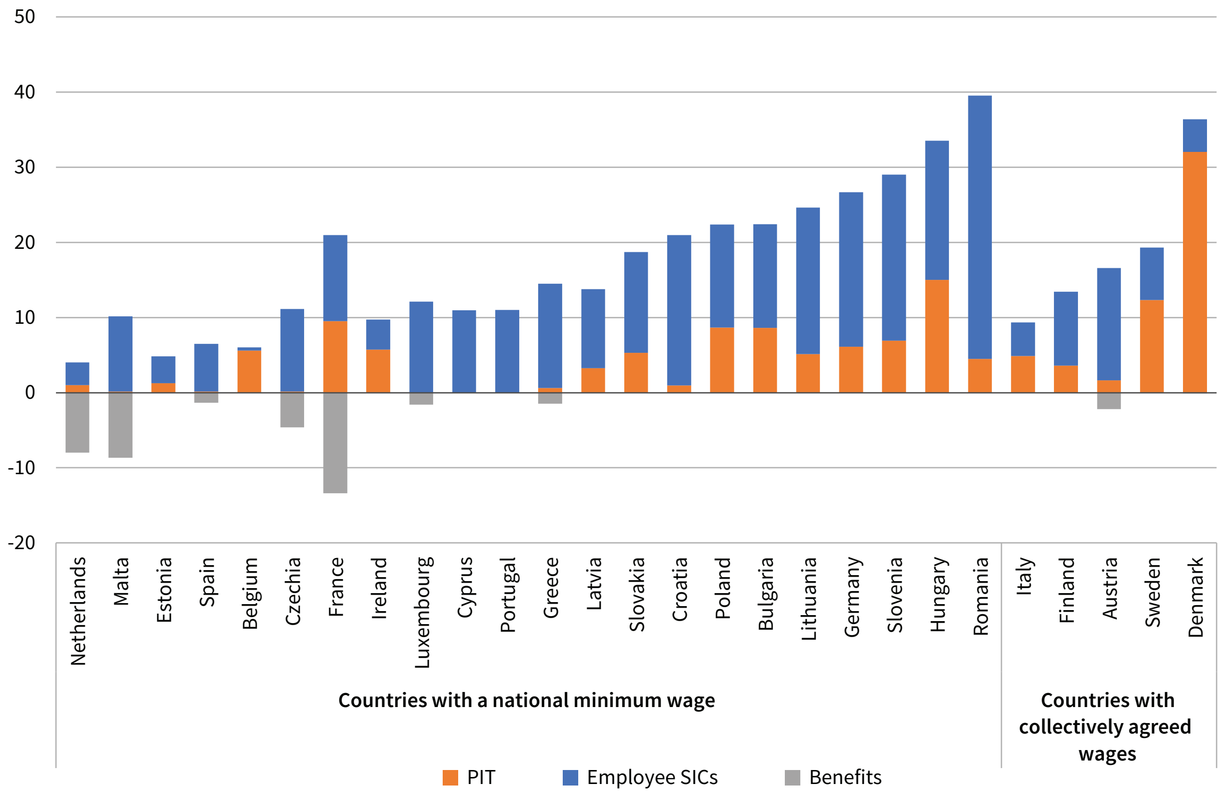
In the Netherlands, Estonia and Croatia, the PIT was only about 1%. In all five EU Member States with collectively agreed wages,[7] a worker earning the average of the 10 low-paid jobs would be subject to PIT between 1.6% in Austria and 32% in Denmark. Employee SICs were paid in all countries, with and without national minimum wages, ranging from 0.4% in Belgium and 4.3% in Denmark to 35% in Romania and 15% in Austria.

In seven countries with national minimum wages – the Netherlands, Malta, Spain, Czechia, France, Luxembourg and Greece – minimum wage earners were entitled to some type of in-work or social benefits[8] as they fell below certain income thresholds that are modelled in Euromod. The percentages of these in relation to the gross monthly minimum wages range from 1% in Spain and Greece to 8% in the Netherlands, 9% in Malta and 13% in France. Among the countries with collectively agreed wages, in Austria an energy and housing bonus of €400 (2.2% of the gross monthly minimum wage) is applied by the Euromod modelling for households in Vienna up to certain income thresholds, including those earning around the average collectively agreed minimum wage (Fuchs et al, 2023). Detailed information on the Euromod modelling is available in the Euromod country reports.

7 Norway is not included in the Euromod model.

8 Social assistance in Malta, Spain and Greece, housing supplement in Czechia, solidarity labour income in France, rent allowance in Luxembourg, and compensation for the obligatory private health insurance premium in the Netherlands.

Figure 9: Average personal income tax (PIT), employee social insurance contributions (SICs) and social benefits as a percentage of the gross minimum wage for a single person, EU27, 2023 (%)



Note: *For countries with more than 12 monthly wage payments a year (Greece, Portugal, Slovenia and Spain), the amounts of the gross monthly minimum wage have been converted to reflect 12 payments.*
Source: *Eurofound calculations based on Euromod I6+*

Box 3: Changes in social benefits or taxation and social security thresholds in 2023/2024

When gross minimum wages are increased, the impact on net minimum wages depends on the extent to which tax and social security contribution (and exemption) thresholds are changed or kept constant. In some countries (for example, Latvia and Lithuania), such an amendment of tax thresholds is regularly done alongside the annual change of rates. In other countries, this is done at irregular and longer intervals. The issue has received more attention in light of higher inflation, as the substantial nominal rises could have resulted in minimum wage earners falling into higher tax brackets. During 2023, fewer debates around the adaptation of thresholds were reported than in the year before, but some occurred.

Spain updated the exempt income for the purposes of the personal income tax in 2024 from €15,000 to €15,876, with the aim of updating it to align with the new increase in the minimum wage. The new amount is precisely the annual minimum wage. This ensures that minimum wage workers continue not to pay income tax. **Portugal** also updated the exempt income for the personal income tax to ensure that minimum wage workers continue not to pay income tax. Likewise, in Ireland, the 2% rate for the Universal Social Charge increased from €22,920 to €25,760 from 1 January 2024, to account for the increase in the minimum wage effective from that date. The second band rate of 4.5% for the Universal Social Charge was changed to 4% and now applies to annual incomes between €25,760 and €70,044.

In **Luxembourg** in 2023, the Independent Luxembourg Trade Union Confederation (OGB-L), the Luxembourg Confederation of Christian Trade Unions (LCGB) and the General Confederation of the Public Service (CGFP) asked for an urgent meeting with the Prime Minister before the tripartite meeting on 3 March 2023 to discuss the adjustment of the tax scale in line with increases in the cost of living; the adjustment became one of the main subjects discussed during the tripartite meeting. The agreed outcome was to adjust the PIT scale, with a reduction of six index brackets (notably, by 6.25%) scheduled for 2024. Finally, the **Greek** government passed a law (4997/2022) to permanently reduce the social security contributions of both employees and employers. Specifically, between 2018 and 2022, the total percentage of social security contributions was reduced by 4.4 percentage points, with employees' contributions being reduced by 1.88% of their earnings, and employers' contributions being reduced by 2.52 percentage points. The reduction (initially provided temporarily) was made permanent, with effect from 1 January 2023.

2 Minimum wage earners: Financial difficulties and impact of the cost-of-living crisis

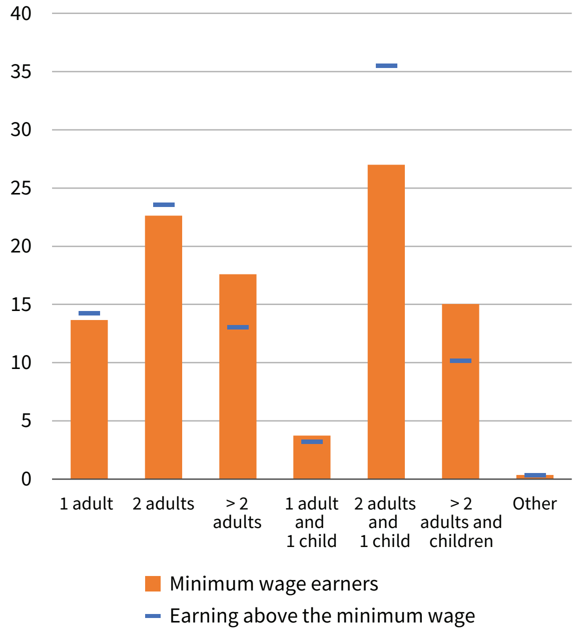
This section describes the general financial situation faced by minimum wage earners. It looks at the difficulties in making ends meet among minimum wage earners living alone in one-adult households, and how the difficulties they face compare with those of their counterparts earning higher wages. It also assesses the magnitude of the financial squeeze felt by minimum wage earners in 2022, against the background of the early stages of the cost-of-living crisis. The empirical analysis conducted in this section is based on data from the European Union Statistics on Income and Living Conditions (EU-SILC), involving surveys of workers.

Difficulties in making ends meet among single-person households

The Minimum Wage Directive states that the setting of national minimum wages should be guided 'by criteria set to contribute to their adequacy', with the aims being (among other things) to achieve a decent standard of living and reduce in-work poverty. While Member States should define such criteria in accordance with their national practices and are entitled to decide on the relative weight to assign to each of the criteria, the directive requires the criteria to be clearly defined and to include at least the elements listed in Article 5(2), which includes 'the purchasing power of statutory minimum wages, taking into account the cost of living'.

Basic national minimum wages in the EU, application to those earning the full adult rate, typically incorporate a single wage floor that applies to all employees, regardless of their family/household situation, as illustrated in Figure 10. On average across countries, 17% of minimum wage earners live in one-adult households (14% without children, 3% with children), nearly 50% live in two-adult households (23% without children, 27% with children) and around a third live in

Figure 10: Share of employees living in different types of household, cross-country average for 2022 (%)



Note: *Data refer to averages across the EU27 and to the share of employees (minimum wage earners and those earning more) found in different types of households (totalling 100%).*
Source: *Eurofound calclations based on EU-SILC, 2022 (wages referring to 2021)*

households with more than two adults (18% without children, 15% with children). The distribution of minimum wage earners across household types is comparable to that of higher-paid employees, although minimum wage earners are more likely to live in larger households with more than two adults. Data are provided separately for minimum wage earners and for employees earning wages above the minimum wage level, which implies that some caution is needed when interpreting the results due to certain data caveats.[9]

9 Minimum wage earners are defined as employees earning a wage deviating by a maximum of ± 10% from the minimum wage rate in their country. It is not possible to empirically capture with precision those employees earning exactly the minimum wage in each country, due to data issues (Eurofound (2014) outlines the empirical approach applied when using EU-SILC wage data). An employee earning below the minimum wage does not necessarily signal non-compliance with minimum wage regulations, since it could be the result of different subminima (for instance, lower levels of or exemptions from minimum wages among certain groups) or imprecision of EU-SILC labour income data in reflecting the actual monthly wage level. A note of caution is needed when estimating minimum wage earners in countries with no national minimum wages (Austria, Denmark, Finland, Italy and Sweden, and also Cyprus, since the analysis uses data before the introduction of its 2023 national statutory rate), since the minimum wage rate used in these countries is a statistical construction because no single minimum wage levels exist in these countries, meaning the estimates of minimum wage earners are not strictly comparable with those in countries with national minimum wages. The minimum wage threshold used in these six countries is an average that has been obtained from Eurofound's recently created dataset compiling information on collectively agreed wage floors in low-paid jobs.

This introduces a source of discrepancy when evaluating the adequacy of minimum wage levels. On the one hand, national minimum wages apply to individuals, and the main considerations involved in their setting revolve around labour market conditions such as potential disemployment effects or sectoral employment dynamics. On the other hand, achieving a decent standard of living or reducing in-work poverty depends on household disposable income levels, which are typically the result of income levels from different sources being pooled together by several family members. This means that there is not a direct relationship between national minimum wage levels and the financial situation of minimum wage earners, the latter of which typically depends on a multitude of factors operating at household level.

Nevertheless, it is still possible to explore the relationship between national minimum wage levels and the financial squeeze felt by minimum wage earners across countries, in an attempt to investigate tentatively the extent to which wage floors may provide for a decent standard of living, as one dimension of the adequacy of minimum wage levels. When doing so, it is best to focus only on those minimum wage earners in single-person households (that is, by themselves and without children) to gain a more direct picture of the extent to which certain wage levels permit minimum wage earners to have a decent standard of living (as indicated by their self-reported ability to make ends meet). Nevertheless, results need to be interpreted with care, since, even in this case, the general financial situation of minimum wage earners will depend not only on their wages, but also on other factors, such as individual financial situation, private transfers between households and social benefits from the government. Care is needed due to the small sample sizes in some countries, since results are provided for minimum wage earners and for those employees earning higher wages living alone in one-adult households – that is, only around 14% of households in each case (see Figure 10).[10]

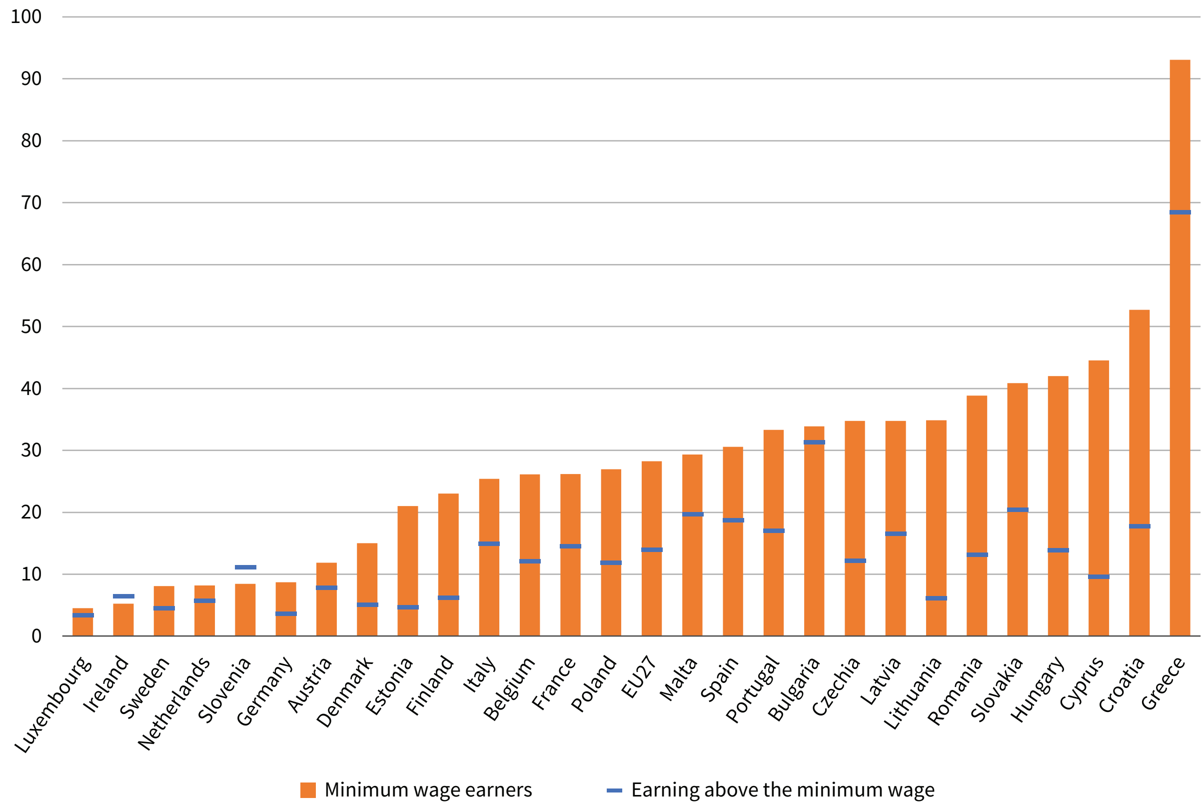
On average across the EU27, as shown in Figure 11, 28% of minimum wage earners living by themselves find it difficult to make ends meet, well above the 14% of employees earning higher wages. Two main insights emerge. First, minimum wage earners face more difficulties in making ends meet among all countries (except Ireland and Slovenia). Second, notable differences emerge across countries in the shares of minimum wage earners facing difficulties in making ends meet. The shares are lowest (well below 10%) in a group of five EU15 Member States (Luxembourg, Ireland, Sweden, Netherlands, Germany) and Slovenia. They are also below the cross-country average in a group of mainly other EU15 Member States (Austria, Denmark, Finland, Italy, Belgium, France) and two EU12 Member States (Estonia, Poland). The highest shares of minimum wage earners in single-person households facing difficulties in making ends meet (above 30%) are in a group including mainly EU12 Member States and some Mediterranean countries (Greece, Croatia, Cyprus, Hungary, Slovakia, Romania, Lithuania, Latvia, Czechia, Bulgaria, Portugal, Spain).

Explaining the reasons behind the results is challenging since they are self-reported, making them subjective. Nevertheless, two main ideas can be put forward. First, there is a high correlation across countries regarding the difficulties experienced in making ends meet, both among minimum wage earners and among those earning higher wages. This points to the importance of factors affecting employees generally, such as the level of net wages (and benefits) in relation to the cost of living, and not only those on minimum wages. Secondly, the shares of reported difficulties across countries seem quite related to general levels of economic development, as reflected by the association being highest with household disposable income levels.[11] The incidence of difficulties in making ends meet is generally lowest among higher-income countries and vice versa.

10 Differences between countries regarding the extent of financial difficulties faced by minimum wage earners emerge across several indicators (cross-country disparities regarding the incidence of difficulties in making ends meet are quite correlated with those existing in material deprivation or in difficulties in keeping the home adequately warm).

11 The coefficient of correlation across countries between the share of minimum wage earners living by themselves reporting difficulties in making ends meet is 0.06 with the Kaitz index (measuring the ratio between the minimum wage level and the average wage), 0.36 with the national minimum wage level, 0.41 with the average wage level and 0.45 with the average household disposable income level.

Figure 11: Minimum wage earners face more difficulties in making ends meet (share of people reporting such difficulties in single-person households), EU27, 2022 (%)



Note: *Data refer to the share of people reporting living in a household with difficulties ('difficulties' or 'great difficulties'; 'some difficulties' is not enough) in making ends meet.*
Source: *Eurofound calculations based on EU-SILC, 2022 (wages referring to 2021)*

Early impact of the cost-of-living crisis among minimum wage earners

The first chapter of this report showed that minimum wage earners experienced a negative impact on their purchasing power in 2022 and 2023 as a result of soaring price levels. While the evolution of minimum wages in real terms already captures the impact of the cost-of-living crisis on minimum wage earners, it leaves out of the picture information about how they manage to maintain their living standards against a background of inflation potentially having a differentiated impact on different types of items that are consumed differently by households and individuals.

This is relevant in the current context because the standard measure of inflation (Harmonised Index of Consumer Prices) does not take into account the differentiated impact that inflation may be having across different types of households. This is why the concept of inflation inequality has emerged, explaining the fact that lower-income households are more greatly affected by inflation than higher-income households, and that this inflation gap can be traced back to energy (especially household energy) and food prices. In addition, the absolute level of the minimum wage – which varies greatly across countries – matters, as does the level of financial support received by low-paid (or minimum wage) workers.

To complement the data on minimum wages in real terms, other measures can be used to provide a more direct picture of the growing material difficulties people may face, which go beyond the income side and incorporate the expenditure side as well. Two such measures used here are the share of people reporting difficulties in making ends meet and the share reporting an inability to keep their house adequately warm. Two limitations need to be taken into account: (1) data are available only up to 2022 (survey interviews are typically carried out in the first quarter of the year), which means that only a very early picture of the impact of the cost-of-living crisis can be provided; and (2) these data are collected at household level and not at individual level, which means that the link between an individual being a minimum wage earner and the household financial situation will also depend on other factors, as will be explained.

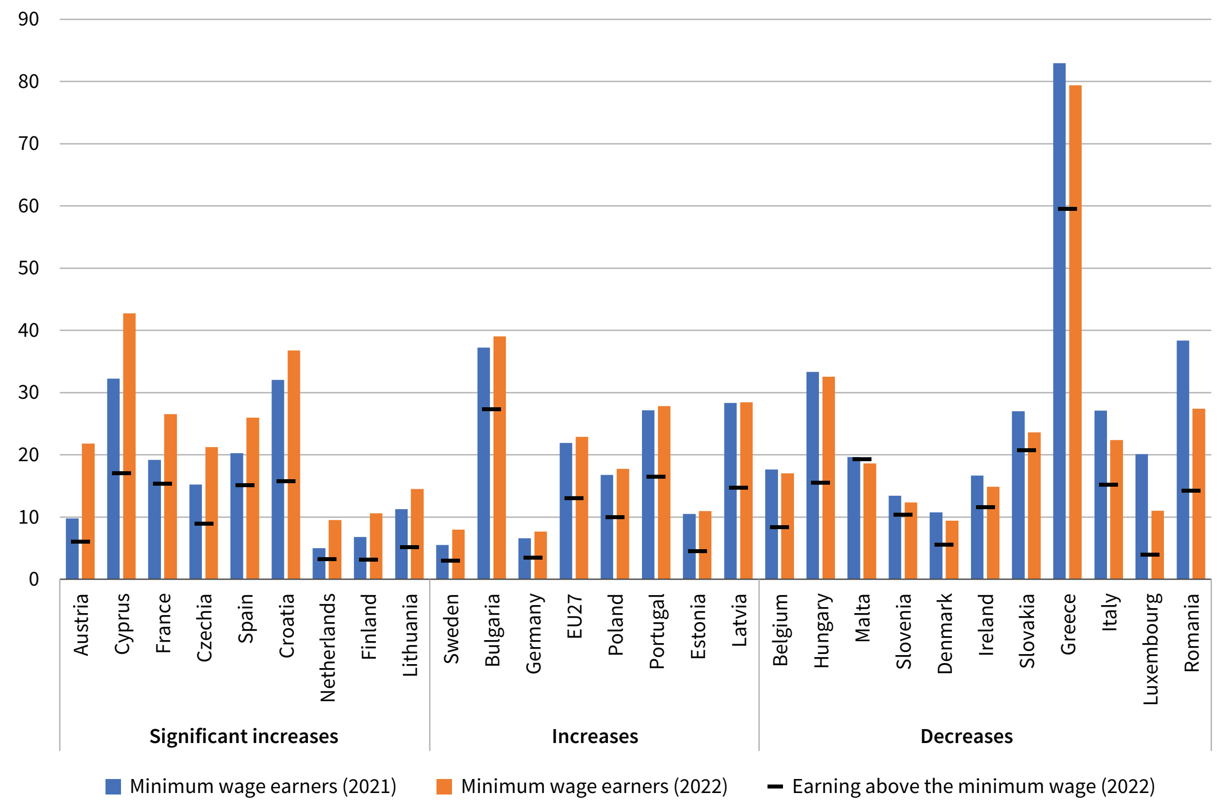
Difficulties in making ends meet

Minimum wage earners have more difficulties in making ends meet, and such difficulties increased in 2022. Figure 12 presents data on the share of people reporting difficulties in making ends meet in their households . Two main insights emerge.

First, minimum wage earners are more affected by difficulties in making ends meet than other employees earning wages above the minimum wage level. On average across the EU Member States, almost 23% of minimum wage earners reported such difficulties in 2022, while this is the case for 13% of better-paid employees. While the incidence of such difficulties among employees varies greatly across EU Member States (being relatively higher in Greece, Cyprus, Bulgaria, Croatia, Hungary, Latvia, Portugal and Romania, and relatively lower in Germany, Sweden, Denmark, Netherlands and Finland), it is the case across all countries (except Malta) that minimum wage earners are more affected by such financial difficulties than other employees earning above minimum wage levels.

Second, the share of minimum wage earners facing these difficulties increased between 2021 and 2022, when price levels started to increase. For the average across the EU27, the rate rose slightly, from almost 22% to almost 23%, but some countries registered more significant increases (those on the left of Figure 12, since they have been ranked by the magnitude of that increase): rises of more than 10 percentage points occurred in Austria and Cyprus, of more than 5 percentage points occurred in France, Czechia and Spain, and of just below 5 percentage points in Croatia and the Netherlands. Increases took place in almost two-thirds of the Member States, while with 11 Member States this was not the case (those on the right of Figure 12).

Figure 12: Growing difficulties in making ends meet among minimum wage earners (share of people reporting difficulties in making ends meet), EU27, 2021–2022 (%)



Notes: *Data refer to the share of people reporting living in a household with difficulties ('difficulties' or 'great difficulties'; 'some difficulties' is not enough) in making ends meet, by country. Countries are ranked by the change in shares (in percentage points) between 2021 and 2022, from higher (increases) to lower (declines), while 'EU27' refers to average cross-country data.*
Source: *Eurofound calculations based on EU-SILC, 2021 and 2022 (income referring to 2020 and 2021 for the identification of minimum wage earners*

Keeping the house adequately warm

A broadly similar picture emerges when observing data on the proportion of people reporting an inability to keep their house adequately warm, as shown in Figure 13.

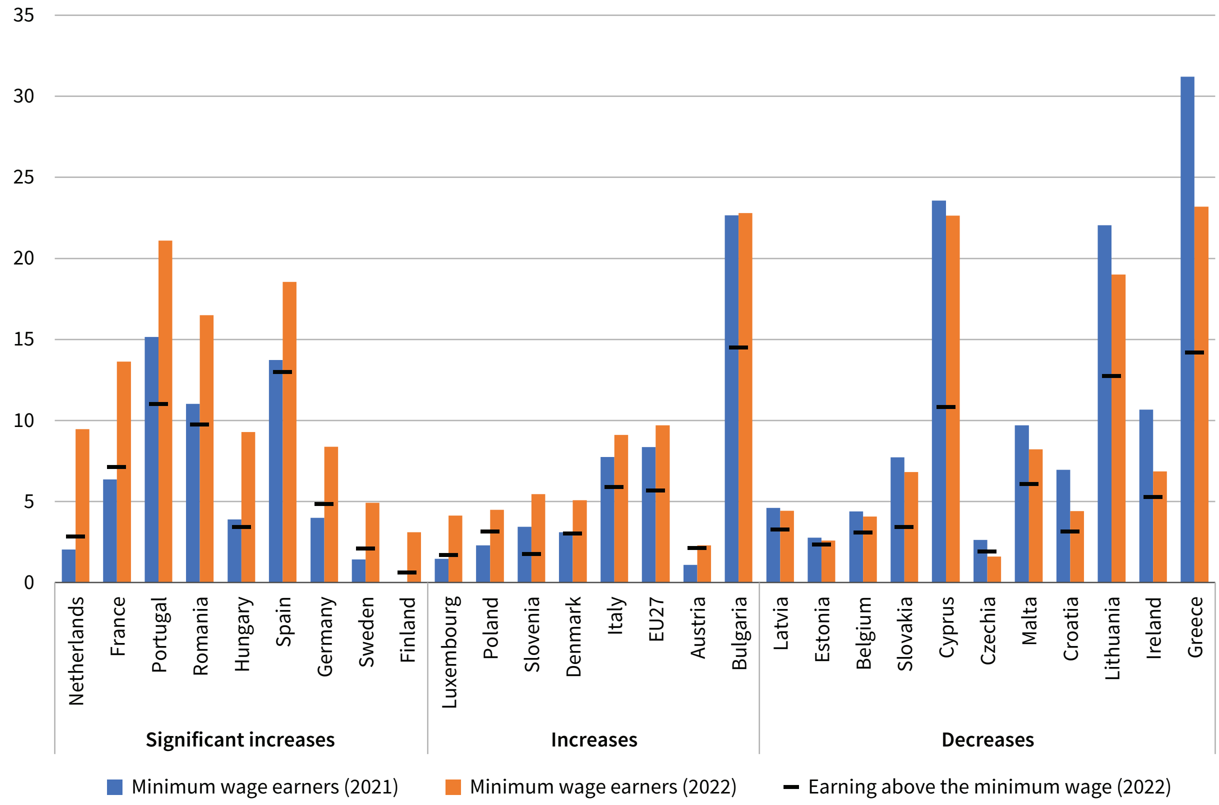
On average across the EU Member States in 2022, almost 10% of minimum wage earners reported not being able to keep their house adequately warm, compared with less than 6% among better-paid employees. Minimum wage earners are more affected than their better-paid counterparts across all EU Member States (except in Czechia).

The EU average increased from 8% to almost 10% between 2021 and 2022. This increase is more significant than the rise in difficulties in making ends meet, which reflects the fact that energy prices were rising more than average inflation in early 2022 (when the survey to collect the 2022 data was conducted), and its impact was more harmful among lower-earning people. The share of minimum wage earners reporting an inability to keep their homes adequately warm increased in almost two-thirds of the countries (on the left of the figure), rising by more than 5 percentage points in the Netherlands, France, Portugal, Romania and Hungary and slightly less in Spain and Germany.

Minimum wage earners are not prevalent in the most precarious households

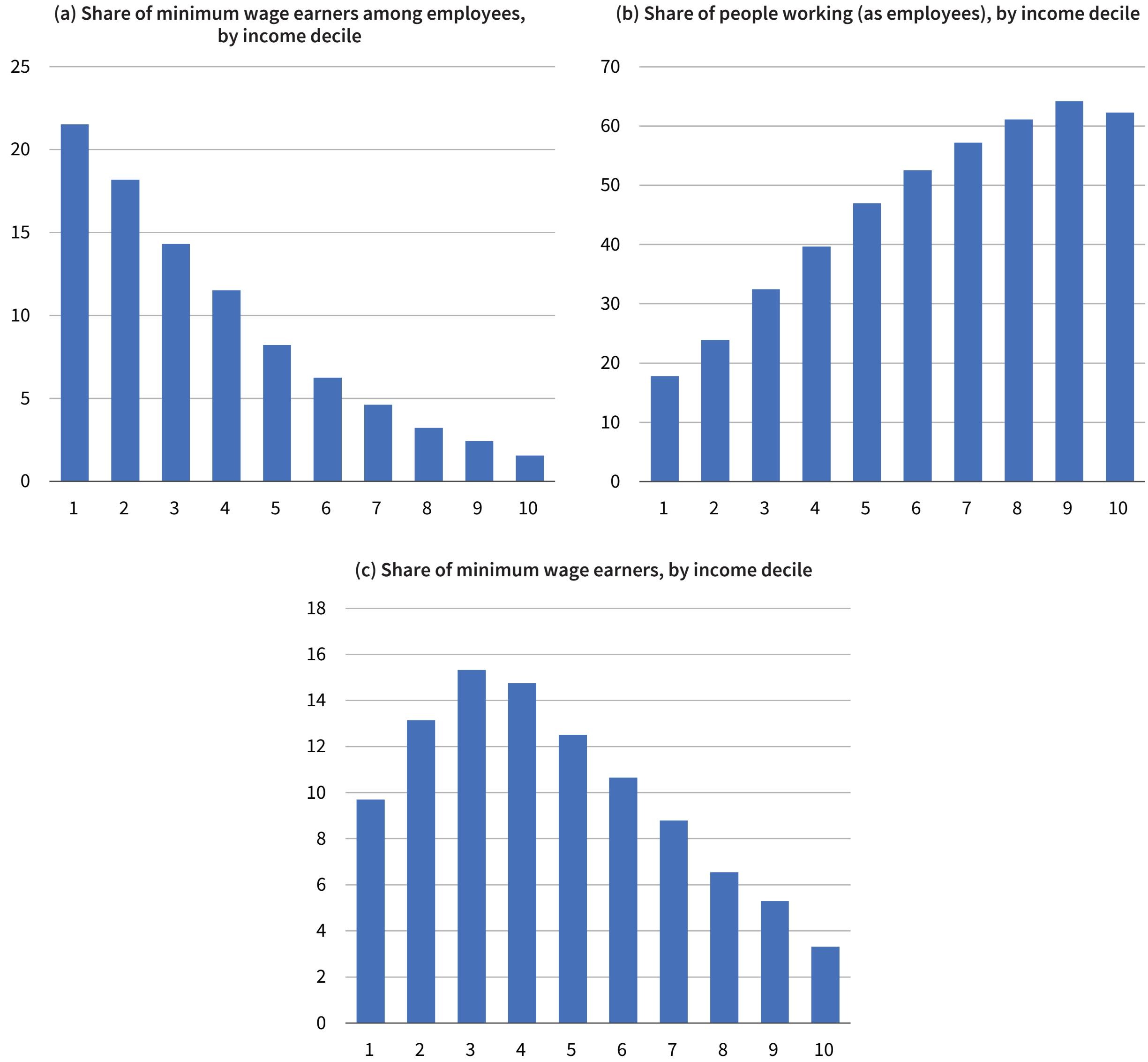
The growing financial difficulties reported by minimum wage earners, and reflected by the data presented in the previous section, underestimate the financial squeeze felt by the most vulnerable segments of European societies during the early stages of the cost-of-living crisis. The reason is that information for the two indicators presented above is collected at household level, but minimum wage earners are in fact not prevalent among those households with the lowest levels of household disposable income. This is because the main reason for income poverty (measured at household level and accounting for the incomes from all household members) is not low wages but rather low work intensity, meaning many or all members of the household are out of work.

Figure 13: Growing difficulties in keeping the house warm among minimum wage earners (share of people reporting being unable to warm their house), EU27, 2021–2022 (%)



Notes: *Data refer to the share of people reporting an inability to keep their house adequately warm, by country. Countries are ranked by the change in shares (in percentage points) between 2021 and 2022, from higher (increases) to lower (declines), while 'EU27' refers to average cross-country data.*
Source: *Eurofound calculations based on EU-SILC, 2021 and 2022 (income referring to 2020 and 2021 for the identification of minimum wage earners*

Figure 14: Minimum wage earners are not prevalent among the poorest households, 2022 (%)



Notes: *Data are presented over the different household disposable income deciles. Data refer to averages across the EU27.*
Source: *Eurofound calculations based on EU-SILC 2022 (income referring to 2021)*

This is clearly reflected in Figure 14, which provides several insights. First, there is a higher incidence of low pay (among those working as employees) at the bottom of the household income distribution, which is reflected by the higher share of minimum wage earners among the people with the lowest household income levels (upper panel). Second, the proportion of people working (as employees) is much lower among the poorest families and increases when moving along the income distribution (middle panel). For instance, fewer than a fifth of the people in the poorest income quintile work. Third, minimum wage earners are rather scattered across the income distribution (bottom panel), being relatively more present in deciles 2–6 (66%, two-thirds of them), less present in deciles 1 and 7 (below 10% of them in each) and even less present in deciles 8–10 (15% of them). It emerges from the previous two insights that a higher share of minimum wage earners among employees exists at the bottom of the income distribution but, since few people in the poorest households work, minimum wage earners are not particularly present among the poorest households and are more likely to be found in the middle to lower part of the income distribution (deciles 2–6). This is consistent with the information offered in Figure 10, which showed that most minimum wage earners live in households with at least two adults, so that their minimum wage complements the much larger household disposable income level, which is the level determining the position of the household members in the income distribution and the financial difficulties they face.

The picture of the relative presence of minimum wage earners across the income distribution varies across the EU27 (Figure 15). It is the case that their relative presence among the poorest households (bottom income quintile) is not the largest in almost all EU Member States, reflecting the fact that joblessness is the main driver of extreme poverty. Nevertheless, in some cases, their relative presence is more skewed towards the bottom of the income distribution (quintiles 1–3), as is the case in several EU15 Member States (especially Luxembourg, but also Austria, Denmark, France, Germany and the Netherlands) and Hungary and Malta. This can be partially linked to the relatively high proportion of working people at the very bottom of the income distribution in those countries (see Figure A1).

Figure 15: Distribution of minimum wage earners over the income distribution, 2022 (%)

Note: *Data refer to the distribution of minimum wage earners over the different household disposable income deciles.*
Source: *Eurofound calculations based on EU-SILC 2022 (income referring to 2021)*

In fact, the relative presence of minimum wage earners is more skewed towards the middle (or middle-bottom) of the income distribution in some other countries where employment outcomes at the bottom of the income distribution are poorer (several central and eastern European countries such as the Baltic states, Croatia, Poland and Romania, and Finland and Greece).

3 Minimum wage setting for 2024

This chapter describes how the countries with national minimum wages during 2023 set their rates for 2024. It starts with a brief overview of major changes to the regulations on minimum wage setting and then describes the process of adjusting the rates for 2024, including for collectively agreed minimum wages in countries without national minimum wages. The final section provides a detailed look at the criteria used by wage setters in determining the new rates.

Changes to the regulation of minimum wages

Only a small number of countries made changes to the regulation of minimum wages in 2023.

The most substantial changes concerned **Bulgaria**, which respecified the process of setting minimum wages and included an indicative reference value vis-à-vis actual wages in the legislation, and **Malta**, in which an expert committee-led tripartite process was rolled out for the first time. Changes to the definition of minimum wages were also made in the **Netherlands**, which moved to an hourly instead of monthly rate, and **Poland**, in which a new law prohibits the inclusion of a bonus for performing work in special working conditions within the minimum wage. In **Greece**, the seniority allowance was reinstated following its abolition in 2012. Finally, in **Sweden**, where there is no national statutory minimum wage, the wage floor threshold for migrant workers, required as a precondition to obtain a work permit to ensure their self-sufficiency, was raised significantly. Table 4 provides a summary of these changes.

Table 4: Changes to minimum regulations in 2023, by country

Country	Description of regulatory change
Bulgaria	In Bulgaria, the changes were inspired by the Minimum Wage Directive; they clarified the timing of setting the rate and provided a reference value to guide the level. In the *State Gazette*, No. 14, dated 10 February 2023, the Law on Amendments and Additions to the Labour Code was promulgated. This law introduces amendments and additions to Article 244 of the Labour Code, specifically addressing the regulation of minimum wages and benefits. The revised Article 244 provides the following. 1. The Council of Ministers is tasked with determining the minimum wage for the country each calendar year, as well as specifying the types and minimum amounts of additional remuneration and compensation under the employment relationship, if not otherwise defined by the Labour Code. 2. A new provision states that the minimum wage for the following calendar year must be established by 1 September of the current year. It will be set at 50% of the average gross wage over a 12-month period, encompassing the last two quarters of the previous year and the first two quarters of the current year. 3. Notably, the minimum wage set according to the aforementioned criteria (in paragraph 2) cannot be lower than the minimum wage determined for the preceding year.
Greece	In Greece, a regulatory change concerned the seniority allowance in the private sector and an adjustment of employee compensation. Article 33 of Law 5053/2023 provides for the abolition, effective from 1 January 2024, of the suspension of the law regarding wage increases due to seniority, imposed by Article 4 of Ministerial Decision No. 6 of 28 February 2012. Specifically, for employees earning the minimum statutory wage or daily wage, the time in dependent employment before 14 February 2012, and after 1 January 2024, is recognised as seniority. The seniority allowance is determined as follows: for employees with dependent employment, a rate of 10% for each three-year period of seniority, up to three three-year periods, and a total rate of 30% for seniority of nine years and above. The period of employment from 14 February 2012 to 31 December 2023 is not taken into account for the seniority allowance due to career maturity.
Malta	In Malta, the change of the process for setting the minimum wage was kick-started in 2017 with the conclusion of the National Agreement on the Minimum Wage (28 April 2017), which determined that the mandate of the newly set-up Low Wage Commission is to establish a mechanism to effectively determine whether the minimum wage will need reviewing. Without excluding any other mechanism that may be proposed, it was agreed that this mechanism may take into consideration trends in the price level and increases in selected collective agreements for employees on low-level grades. The objectives of the Low Wage Commission were ultimately put into legislation in 2023 (Legal Notice 66 of 2023 – Low Wage Commission Regulations, 2023, *Government Gazette of Malt*a, No. 21024, 21 March), and the Low Wage Commission became fully functional. In October, a national agreement on the minimum wage, as recommended by the Low Wage Commission, was reached by unanimous agreement of all parties. It stipulates increases of the minimum wages over and above the existing cost-of-living allowance (COLA) until 2027. Another change set out in the 2017 agreement was a mandatory seniority allowance for minimum wage workers, of €3 per week in the second year of employment with the same employer, and an additional €3 per week upon completion of the second year. In addition, all employees (including minimum wage earners) received €1 over and above the official COLA in 2018 and another €1 over and above the COLA in 2019. So in total the minimum wage increased by €8 (with €6 of it under the condition that the employee remained with the same employer). This conditional increase was scrapped in the 2023 agreement.

Country	Description of regulatory change
Netherlands	In the Netherlands, until recently the monthly minimum wage was not associated with a specific number of working hours. A change to the Minimum Wage and Minimum Holiday Allowance Act, effective from 1 January 2024, establishes a minimum hourly wage for all workers, replacing the fixed monthly wages. This change aims to ensure fairness across sectors regardless of weekly working hours. Employees working more than 36 hours per week will see a wage increase. The legal basis for this change is Article XXXXI of the new law, allowing further specification of wage rates through ministerial regulations. However, there were no alterations to the fundamental definitions of the minimum wage or the processes for setting it.
Poland	In Poland, according to the Minimum Wage Act (Article 6(4-5)), the following payments are not taken into account (and will need to be paid on top of the statutory minimum wage): long-service awards, cash severance pay due to the employee in connection with retirement or disability pension, remuneration for overtime work, supplements to remuneration for work during night hours and seniority bonuses. Starting from 1 January 2024, an amendment to the law states that, when calculating the employee's remuneration, the bonus for performing work in special working conditions is also not taken into account (Dz. U. 2002 Nr 200 poz. 1679). Such an allowance is due to employees working under arduous conditions harmful to health or undertaking work involving significant physical or mental effort, or particularly dangerous work. However, the payment of this allowance is not mandatory and results from agreements reached between the employer and employees or unions. The amount paid is regulated by internal regulations within each company and often varies based on the type or intensity of work under special conditions or its particular nature. Nevertheless, in 2023, many employers included this allowance in the minimum wage amount. In the legislative statement for the proposal to amend the law, it is estimated that in 2023 approximately 79,000 minimum wage employees worked under special conditions. Since the changes, they have received monthly wages that are on average PLN 37 (€8.60) higher.
Sweden	In Sweden, a new policy – as part of the coalition agreement between the Moderate Party, the Liberal Party, the Christian Democrats and the Sweden Democrats – will significantly raise the wage floor for labour migrants as a strategy to counteract labour exploitation. On 30 November 2022, the parliament accepted a vote to increase this wage floor, which has been in effect since 1 November 2023. The new wage floor is calculated as 80% of the median salary in Sweden, which in 2023 was equal to SEK 27,360 (€2,424), and the government is considering a further increase to the median wage (to SEK 34,200 (€3,032)). The previous level required a migrant to earn at least SEK 13,000 (€1,153). The new wage floor only applies to migrant workers coming from third countries. Workers from EU Member States and asylum seekers are not affected by the new legislation, and neither are seasonal workers, even if they are from third countries. According to the government, the legislation aims to combat the exploitation of migrant workers in Sweden (Regeringskansliet, 2023).

Source: *Authors' own elaboration based on national contributions*

Process of minimum wage setting for 2024

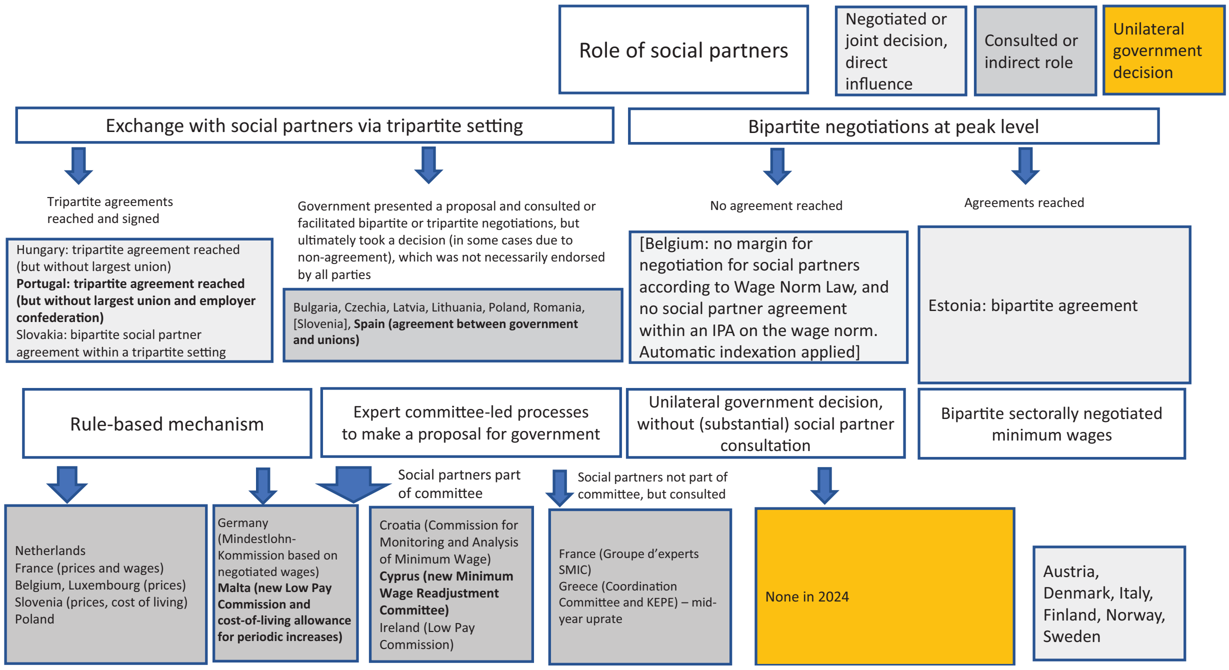
As in previous years, the processes of minimum wage setting remained relatively unchanged throughout the EU and Norway. In nearly all countries, social partners either have a direct role or are consulted during the setting of the rates; they are indirectly involved in the Netherlands, where the indexation mechanism is primarily based on negotiated wages. No country recorded unilateral government decisions in relation to 2024 rates. See Figure 16 for an overview.

In Hungary, Portugal and Slovakia, exchanges with social partners in a tripartite setting resulted in the signing of agreements, although in Hungary and Portugal this was without one or both of the largest social partner organisations. Consultation-based processes in tripartite settings continued to be the most widespread form (used in Bulgaria, Czechia, Latvia, Lithuania, Poland, Romania, Slovenia and Spain). These were closely followed by processes in which expert committees, in some cases with some level of social partner involvement, take the lead in recommending the rates (as was the case in Croatia, Cyprus, France, Germany, Greece, Ireland and Malta).

In five Member States (Belgium, France, the Netherlands, Poland and Slovenia), automatic indexation mechanisms were applied, but usually in combination with other forms of minimum wage-setting processes. The five EU Member States without national minimum wages (Austria, Denmark, Finland, Italy and Sweden) and Norway continued to set minimum wage rates through sectoral collective agreements covering a wide range of workers.

In Norway, a new 'Low Wage Commission' (Lavlønnsutvalget) was appointed in March 2023 to deliver a report on low wages by June 2024. It is composed of social partners and independent experts, and is mandated to analyse the extent and development of wage disparities and low pay, and their determinants, and the role of the collective wage bargaining model, among other things. This is not a change in the process per se but aims to feed into discussing and evaluating measures and institutional factors impacting the prevalence of low wages. In Denmark, a similar commission was appointed in 2021 to review wage structures in the public sector. This commission delivered its reports in 2023 (Lønstrukturkomitéen, undated).

Figure 16: Overview of the process of minimum wage setting for 2024



Notes: *Bold text indicates where countries have moved boxes compared with the previous year. Square brackets indicate that the country falls into more than one box/system. IPA, interprofessional agreement; KEPE, Centre of Planning and Economic Research.*
Source: *Eurofound, based on national contributions*

Changes to processes in countries with national minimum wages

The two most substantial changes in the process of setting the minimum wage rates for 2024 were made in Malta and Spain.

In **Malta**, prior to 2024, minimum wages were exclusively updated through the increase of the so-called cost-of-living allowance (COLA). The process of setting minimum wages was changed during 2023, with the set-up and first recommendation of the Low Wage Commission (see Box 4). In October 2023, there was a unanimous agreement among all employer bodies, unions and government representatives on the increases in Malta's minimum wage, over and above the COLA, over the next four years.

In **Spain**, on the other hand, the temporary commission to advise on the minimum wage setting for the rates of 2022 and 2023 has been disbanded. For the 2024 rates, there was a return to the previous practice of tripartite consultations.

Box 4: The set-up and functioning of the Low Wage Commission in Malta

The Low Wage Commission, through the Malta Council for Economic and Social Development (MCESD), can engage consultants to gather data and present recommendations on the revision of the minimum wage in Malta.

The Low Wage Commission decides all matters by a simple majority. In the event of a tie vote, the chairperson has a casting vote in addition to their original vote. The quorum for commission meetings will consist of eight members. However, the commission operates similarly to the MCESD and, in practice, aims for unanimous agreement.

The Low Wage Commission is composed of 15 members, comprising the chairperson, four members nominated by workers' organisations sitting on the MCESD, four members nominated by national employer organisations sitting on the MCESD and six members representing the government of Malta, as follows: (1) the deputy chairperson of the MCESD, who acts in the absence of the chair or when the chair is unable to perform their duties; (2) the Director-General for the Department of Industrial and Employment Relations; (3) one member nominated by the Minister for Finance; and (4) three other members nominated by the minister.

The Low Wage Commission may also seek assistance from other entities, academics, operators or service providers as may be deemed adequate to support the execution of its functions, particularly concerning research work. Such assistance should be provided pursuant to specific agreements approved by the commission.

See Legal Notice 66 of 2023 – Low Wage Commission Regulations, 2023, *Government Gazette of Malta*, No. 21024, 21 March.

Bargaining rounds in countries without national minimum wages

In general, the bargaining rounds of 2023 aimed to compensate for the high inflation of recent years, especially 2022, and to deliver a real-wage increase. One-off payments and amount increases, rather than percentage increases, were implemented in some countries to compensate the low-paid groups.

In **Austria**, the nature of the collective bargaining rounds did not differ much from non-crisis times. However, the bargaining rounds were more conflictual than in the past, in the second year of high inflation, with strikes taking place in several industries. The negotiated wage outcomes by and large compensated for the rolling inflation, and small top-ups were granted. Staggered wage increases, with lower-paid groups of workers receiving higher increases than the higher-paid groups of workers, were implemented in several sectors, including in the large retail sector, but also in the well-paid (and usually pattern-setting) metal industry. In a few cases, such as the leather and general crafts agreements, a two-year agreement and wage increases for both years, in contrast to the usual one-year agreement, were negotiated. Since 2022, the unions have officially demanded the implementation of a minimum wage of €2,000 (gross per month, unadjusted to 12 payments), in light of extraordinarily high inflation rates. This threshold has been reached in several sectors in 2024, including some low-wage sectors, and now applies to low-paid jobs such as cleaners, sales assistants, home-based personal care workers and childcare workers. A lower threshold of €1,800 was reached in a large number of collective agreements during the 2023 negotiations and is now applied, for instance, to waiters, bartenders and cooks, couriers and newspaper or parcel deliverers. Some types of agricultural workers are paid below the €1,800 threshold. Social partners agreed in 2017 that a minimum threshold of €1,500 should be reached by 2020, but domestic cleaners still fall short of this threshold; however, this is a specific case since they are granted room and board, albeit while working 55 hours per week.

In spring 2023, collective bargaining rounds took place in the private sector in **Denmark**. The Industrial Agreement, the largest collective agreement in Denmark, is always the first to be negotiated. It is negotiated between the Confederation of Danish Industry (DI) and the Central Organisation of Industrial Employees in Denmark (CO-industri) (a cartel of nine trade unions). The Industrial Agreement is the pattern-setting agreement, as it lays the framework and strongly influences outcomes for other agreements in the private sector, which follow the so-called ‘minimum-wage system’. Thus, it affects approximately 80% of workers covered in the private sector. During the 2023 negotiations, CO-industri put out demands to increase the minimum rate in the Industrial Agreement. This would impact the wages of all sectors and not just those covered by the specific Industrial Agreement. CO-industri considered the low-paid sectors and employees who earn around the minimum pay rate, and used them as the basis for these demands, even though not many employees under this particular agreement would earn the minimum rate. The two-year collective agreements secured a 4% pay rise for everyone and a solid boost for the lowest paid, helping protect real wages and trying to compensate for the last two years of high inflation. Apart from the wage increases, one of the changes in the agreements in 2023 is the promise to improve the prerequisites for local minimum wage negotiations. This includes uncovering the possibilities for collective wage negotiations. Moreover, the trade union representatives obtained the right to request information on a company’s productivity, competitiveness, financial situation and future prospects, including, for example, order backlogs, the market situation and production conditions, in connection with wage negotiations (DI, 2023; FH, 2023).

Public sector negotiations will take place during 2024; however, a tripartite agreement was reached on 4 December 2023 on the implementation of an extraordinary framework for wages and working conditions worth DKK 6.8 billion (€0.91 billion). The agreement makes it more attractive to work at non-standard hours and creates the framework for more people to work full time, and it outlines the wage increases to be fully rolled out up to 2026. It secures quite significant wage increases for jobs such as nurses, childcare workers, social security workers or prison guards. For example, publicly employed educated childcare workers will get a monthly increase of DKK 600 (€80 as at 1 May 2024) in 2024, DKK 900 (€121) in 2025 and DKK 1,800 (€241) in 2026. The wage increases are valid from 1 January 2024, but must be formally agreed at the public collective negotiations in 2024. The amount will be received with retroactive effect when the collective agreement is concluded (BUPL, 2023).

In **Finland**, the export-oriented industries start negotiations first and form a benchmark for wage negotiations in other sectors. The agreements were reached at the beginning of February 2023, setting a general wage increase in the technology industry of 3.5% during 2023, with a one-time payment of €400. For 2024, a general wage increase of 2% was agreed, along with a 0.5% increase to be decided by employers. In the chemical industry, the agreed general wage increases were 2.2% for 2023 and 3.3% for 2024 (Yle, 2023a). The 2023 bargaining rounds resulted in larger increases in wages for many low-paid groups of employees than in the previous bargaining rounds. In addition, one-time payments of several hundred euro were paid in multiple sectors in 2023 (Yle, 2023b). It should be noted that the bargaining rounds of 2023 were accompanied by an unusually high amount of industrial action.

The wage increases in the so called 'municipal and welfare sector' (which includes employees in municipalities and the so called 'wellbeing services counties') were tied to the level of increase negotiated in the export-oriented sectors. For employees, the general wage increase of the industrial sectors would be 'topped up' with a near 1% additional annual increase For practical nurses, the agreement meant a 12.7% increase in minimum wages. General wage increases in the sector were 4.1%, including a 0.7% increase to be negotiated locally and two one-time payments in 2023. In 2024, there was a general increase of 2.27% excluding additional increases (SuPer, 2023a, 2023b).

In the commercial sector, following a failed bargaining round and a strike, Service Union United (PAM), which represents the sector, was aiming for a €200 monthly increase for low-paid workers. In mid-February, PAM and the Finnish Commerce Federation, with the help of the National Conciliator, came to a two-year collective agreement with a wage increase of €105 from June 2023, and €60 from June 2024. The agreement also included a one-off payment of €400. According to the employer representative, the agreement follows the general trend in wage increases and focuses on low-paid workers in the sector, such as shop assistants. PAM expressed content with having achieved wage increases in euro amounts, instead of percentages (Taloussanomat, 2023). In the real estate services sector, a last-minute two-year agreement was reached, after a failed bargaining round, a number of strikes and the rejection of the National Conciliator's settlement proposal. It granted the workers an increase of 7.1% within the agreement period. In practice, individual wages would increase by €95 every month from May 2023 and by 1.8% in total by August 2024. Also, the pay scale would see a 4.4% increase in May 2023 and a 1.8% increase in August 2024 (Service Union United, 2023). The president of PAM stated 'low-paid cleaners and property managers deserve a decent pay rise. This proposal wasn't yet sufficient as a whole' (Yle, 2023c). The trade union emphasised the need for substantial increases in euro (as in the case for the commerce sector), instead of percentages, arguing that such increases have a bigger impact on the lowest wages in the sector (Yle, 2023d). For the hotel, restaurant and leisure sector, PAM reached an agreement for a €96 increase per month for 2023 and a 1.7% increase for 2024 (Central Organisation of Finnish Trade Unions, 2023; Yle, 2023b).

Box 5: New Finnish labour market model

The centre-right coalition government formed during summer 2023 has proposed a new model for wage negotiation in Finland (Finnish Ministry of Economic Affairs and Employment, 2023; Yle, 2023a). Inspired by the Swedish model, the proposition is that the National Conciliator is not allowed to propose a wage increase higher than the increase negotiated by the export-driven industries, in the case of a labour market conflict or industrial action in any sector. While the proposal is considered a welcome reform by the Confederation of Finnish Industries, it has met vast criticism and opposition from trade unions and union representatives (Finnish Ministry of Economic Affairs and Employment, 2023; JUKO, 2023; Tehy, 2023; Yle, 2023e).

The government aims to reform legislation to increase the possibilities for company-level collective bargaining and agreements. The stated ambition of the government is to 'ensure that all companies have equal access to local agreements, regardless of whether they belong to an employers' association or what kind of representation system they have' (Finnish Ministry of Economic Affairs and Employment, 2023). In terms of legal reforms, this entails removing prohibitions on local agreements in non-organised companies with a collective agreement. Furthermore, labour law will be amended so that deviations from it that currently can be made only through a generally binding collective agreement can also be made through a collective agreement that is reached with a single employer (Finnish Ministry of Economic Affairs and Employment, 2023). In other words, currently, derogation from the law by local agreement is allowed only for an organised employer: this is to be reformed. The government has set up a tripartite working group with the objective of producing a report in the form of a government bill with proposals for legislative changes that will result in named outcomes. This is to be produced by 31 January, after which the government aims to prepare a reform that is to be submitted to parliament.

The bargaining round in **Norway** in 2023 was a mid-term settlement in which all sector-level agreements agreed between the confederations were settled in the same negotiations. The Norwegian Federation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO) began bargaining to reach agreements covering the private sector. Surprisingly, the parties did not reach a settlement, and Norway saw the first mid-term strike since the end of the Second World War. The strike ended after four days. The strike was based on a disagreement about the distribution of wage increases, not the overall economic framework. LO wanted to secure better results for low-wage earners, as this group was most affected by high levels of inflation. When the parties reached agreement, the overall economic framework did not change from when the strike started – a 5.2% annual wage increase remained, but more money was set aside for low-paid workers. While all workers received a general wage increase of NOK 7.50 (€0.67) an hour, those earning less than 90% of the average metalworker's wage got NOK 3 (€0.25) or NOK 4 (€0.44) more an hour. In addition to the general wage increases, most sectoral agreements include company-level bargaining based on the financial situation of the company and its productivity, competitiveness and prospects. Most NHO member companies covered by collective agreements are also part of company-level bargaining. The aggregated result of these settlements is part of the estimated annual wage growth of 5.2%. Low-paid employees were also considered in public sector negotiations. In the municipal agreement, all workers received an annual amount increase of a minimum of NOK 26,300 (€2,224), resulting in implied annual wage increases of 5.4% for all employees covered by the agreement.

In **Italy**, non-renewal of collective agreements remains an issue. As of 1 September 2023, more than half of employees were covered by a sectoral collective bargaining agreement signed at national level, which has not been renegotiated (CNEL, 2023a). Another issue impacting wages is the increasing proliferation of sectoral collective agreements – amounting to 975 valid or ultra-active (still in force, but with no further wage developments during 2023) agreements (CNEL, 2023b) – signed at national level, often by parties characterised by doubtful representativeness and potentially producing a downward trend in wages. Interestingly, 29 agreements provide coverage of over 75% of employees in the private sector (excluding agriculture and domestic work, for which no data are available as employers in these two sectors are not subject to reporting obligations). Conversely, 735 agreements only provide 1% of coverage altogether. The analysis of the largest agreements thus provides a good overview of collective bargaining developments in 2023. Among the 29 largest sectoral agreements applicable to the private sector, wage developments negotiated in 2023 (or in January 2024) were identified in only eight of them. A further seven of these agreements were still within their period of validity during 2023 (wages were therefore likely to be subject to increases negotiated before 2023). In the remaining 14 cases, the agreement was ultra-active. Overall, among the employees covered by the 29 analysed agreements (representing just over 75% of total workers in the private sector, excluding agriculture and domestic work), almost 70% did not benefit from wage increases negotiated in 2023 and almost 50% did not benefit from any collectively agreed increase at all.

The year 2023 was important for wage setting in **Sweden**, as 470 collective bargaining agreements were renegotiated. The high inflation and pandemic recovery were central issues in the wage-setting practices, with expectations of industrial action. The wage-setting model is dependent on the industrial export-oriented sector. The wage negotiations in these sectors then set the level for the rest of the negotiations across the Swedish labour market. In 2023, the industrial wage-setting mark was negotiated as a raise of 7.4% over two years: 4.1% from April 2023 to April 2024 and 3.3% from April 2024 to April 2025, when the next negotiation rounds will begin. The lowest wages covered by the industrial agreements were increased by SEK 1,350 (€115) in 2023.

Sweden uses a special mechanism to prevent the salaries of higher-wage groups from outpacing the salary gains of lower-wage earners. Since wage raises are percentage based, a low-wage supplement is decided on in each negotiation round. Workers under a certain salary cut-off point, also referred to as the ‘knee’, will have their salary increases calculated as a percentage of the ‘knee’ rather than their actual wage, resulting in a higher wage increase. In the 2023 negotiation rounds, the ‘knee’ was SEK 28,211 (€2,402). This low-wage mechanism has been applied to the wage increases in 2024. It means that, for instance, an employee who earns SEK 22,000 (€1,873) will have their salary increased by 3.3% of SEK 28,211 (€2,402), or SEK 931 (€79), making the increased salary SEK 22,931 (€1,952). The raise is therefore 4.2% instead of 3.3%.

Criteria guiding the setting of the 2024 rates

Member States currently apply a range of practices regarding whether criteria guiding the minimum wage increases are used, and, if so, to what extent these criteria are predefined and standardised, and whether a more mechanistic process of updating the rates is applied or whether they are mentioned in more general terms and should be considered during the deliberation or negotiations on the new rates.

Most countries have such criteria mentioned in their national laws (see Eurofound, 2019, and the ‘Criteria referred to in minimum wage setting’ sections of

Eurofound's newly created minimum wage country profiles), but in most cases these criteria are more generally referred to, rather than specified in technical or statistical terms. The actual criteria considered – and particularly their relative importance – can differ from year to year. Before going on to map any envisaged changes in light of the transposition of the directive (more details are provided in Chapter 4), it is worthwhile to recall the situation during 2023, when rates for 2024 were set.

For the setting of the 2024 rates, we can distinguish between the following approaches regarding the criteria that were considered for the uprate:

- largely formula-based, automatic approaches
- reference value-based approaches with (some) room for manoeuvre
- approaches with more loosely defined criteria
- no explicit criteria applied or alluded to

It is worth noting that there are blurred boundaries between these approaches, and the practical implementation can also change from year to year – especially in recent years, in which an increasing number of countries started to adhere to reference values.

The Minimum Wage Directive is likely to result in changes, as Article 5(1), stipulates, in relation to statutory minimum wages, that:

> *setting and updating **shall be guided by criteria set to contribute to their adequacy**, with the aim of achieving a decent standard of living, reducing in-work poverty, as well as promoting social cohesion and upward social convergence, and reducing the gender pay gap [emphasis added].*

Although such criteria shall be defined in accordance with each Member State's national practices and Member States 'may decide on the relative weight of those criteria', they shall include at least the following **elements** according to Article 5(2):

(a) the purchasing power of statutory minimum wages, taking into account the cost of living
(b) the general level of wages and their distribution
(c) the growth rate of wages
(d) long-term national productivity levels and developments

In Article 5(4), the directive requires that:

> *Member States shall use **indicative reference values** to guide their assessment of adequacy of statutory minimum wages. To that end, they may use indicative reference values commonly used at international level such as 60% of the gross median wage and 50% of the gross average wage, and/or indicative reference values used at national level [emphasis added].*

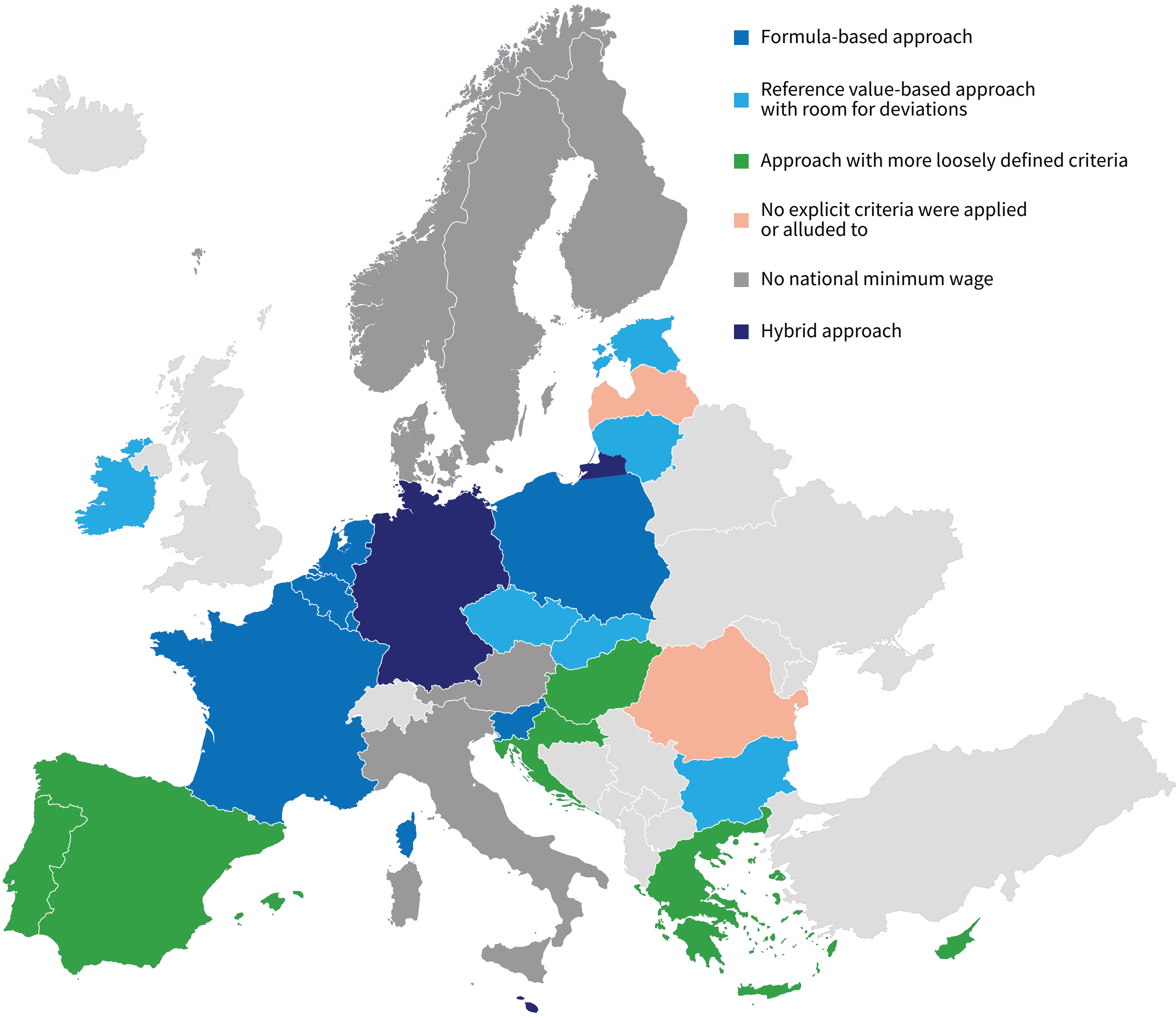
In addition, paragraph 3 caters for the (additional) possibility of using an automatic indexation mechanism for updating, as long as it does not lead to a decline in statutory minimum wages.

This section provides an overview of the criteria that national minimum wage setters considered during 2023 when setting the rates for 2024, by providing more detailed country-specific insights, grouped by the type of approach, as mentioned above and as depicted in Figure 17. The criteria are listed by country in Table A2 and summarised in the section 'No explicit criteria'.

Largely formula-based approaches

For the determination of the 2024 rates in 2023, some countries mainly or exclusively used predefined formulas based on defined variables. This was the case in Belgium, France, Germany, Luxembourg, Malta, the Netherlands, Poland and Slovenia. See Table 5 for more information on the criteria and approaches. It is, however, important to note that, in these cases, in addition to the 'mechanistic' formula-based approaches, there is some leeway for the wage-setting actors in principle to deviate from the approach. For example, in France, the government can decide to grant a coup de pouce and therefore provide additional increases on top of the calculated rates. Belgian social partners can negotiate increases above inflation (within the ranges of the calculated wage norm, which happened to be set to 0% for 2023 to 2024). Germany is a hybrid case, as there is a requirement for the Minimum Wage Commission to base its recommendation on the change in the index of collectively agreed wages, which it used as the main criterion in 2024. However, the commission is also required to base its recommendation on an 'overall assessment' of several other – less strictly defined – criteria. Malta is another hybrid case, as for the increase of the 2024 rate, not only the indexation mechanism to the COLA was applied, which can be considered a formula-based approach, but in addition, social partners and government came to an agreement for an additional uprate. The Netherlands can and did consider several scenarios for price and wage growth and analysed the impact of the ad hoc increase in real wages, but ultimately the usual indexation formula was applied. In Slovenia, the lowest minimum wage increase mandated by law relates to inflation, but wage setters can go far beyond this as long as they stay within the range of a 20–40% top-up of the minimum cost of living for net minimum wages. Slovenia is certainly a hybrid case regarding the approach in relation to the criteria, as the large range within which minimum wages can fall provides a large scope for negotiations.

Figure 17: Overview of approaches applied during 2023 in considering criteria for uprating minimum wage rates in 2024, EU27 and Norway



Source: *Authors' own elaboration based on national contributions*

Table 5: Overview of largely formula-/rule-based approaches with exactly defined variables and rules when deciding on the update of the national minimum wage rates in 2024, by country

Country	Description of approach and criteria
Belgium	Biannual wage negotiations are based on a preparatory technical report by the Central Economic Council. In this report, a maximum margin for wage increases, or the 'wage norm', is proposed, which is binding for employers and therefore also constrains sectoral wage negotiations. In the 2022 report, the Central Economic Council concluded that the wage margin was negative, and therefore proposed a 0% wage margin, leaving no possibility of increasing basic pay rates (CCE-CRB, 2022). Trade unions are opposed to this limit, as well as to the revised Wage Norm Act of 2017 in general, which gives little room for wage negotiations (apart from negotiating additional tax-exempted consumption cheques or bonus payments at sector or company level of up to €500 and €700, respectively). The revised Wage Norm Act also guarantees automatic indexation for the national and sectoral minimum wages, which was triggered in October 2023. Indexation takes place on set dates using an indexation coefficient, or at set inflation levels using a 'pivot index'. For the public sector, social benefits and the national minimum wage (the so-called 'guaranteed minimum average monthly income' (GAMMI)), the increase in inflation that triggers wage indexation is 2%. The health index is derived from the consumer price index, from which a number of products –such as alcoholic beverages (bought in shops or consumed in pubs), tobacco products and motor fuels – are excluded. The 'smoothed health index' is the average value of the health index in the previous four months. The index is the basis for indexing pensions, social benefits and some wages and salaries (including the GAMMI). During 2023, one such indexation-based update was applied, in November.

<table>
<tr><th>Country</th><th>Description of approach and criteria</th></tr>
<tr><td>France</td><td>The French statutory minimum wage (SMIC) is revalued on 1 January each year on the basis of:
1. half the increase in the purchasing power of the average basic hourly wage for manual and clerical workers (SHBOE) between the last known quarter of the year on the date of revaluation (in this case, data for the third quarter of 2023) and the same quarter of the previous year
2. the change in the consumer price index (excluding tobacco) measured for households in the first quintile of the standard-of-living distribution, between the index used for the last increase in the minimum wage (March index) and the index available on the date of the increase in the minimum wage
If inflation – based on the household consumer price index (excluding tobacco) – exceeds 2% during the year, the national minimum wage is automatically adjusted.
As a result of the legal provisions, the minimum wage was automatically revalued using the above approach on 1 May 2023 in addition to the increase on 1 January 2023. Such a price-related increase during the year also occurred once last year and once in 2021 after 10 years without any automatic mid-year increase.
According to the final data published by Dares on 9 December 2023, the SHBOE index rose by 4.5% between September 2022 and September 2023. However, over the same period, the consumer price index excluding tobacco for households in the first quintile of the standard-of-living distribution rose by 5.0%. As the purchasing power of SHBOE households was negative, the first part of the equation was not taken into account in calculating the minimum wage. As a result, because the change in the consumer price index excluding tobacco for households in the first quintile of the standard-of-living distribution between March 2023 and November 2023 was +1.1%, the gross hourly minimum wage was increased by this percentage from the latest revaluation in May 2023, with effect from 1 January 2024 (see Liaisons sociales quotidien, 2023a).</td></tr>
<tr><td>Germany</td><td>The rate for 2024 was set by the German government in line with the standard procedure based on the recommendation of the Minimum Wage Commission and following the defined criteria, which are set out in Section 9 of the Minimum Wage Act (Mindestlohngesetz). Here it says, under paragraph 2, ‘The Minimum Wage Commission examines, in the context of an overall assessment, which amount of the minimum wage can suitably contribute to providing workers with an appropriate minimum level of protection, enabling fair and effective conditions of competition, and does not jeopardise employment. When setting the minimum wage, the Minimum Wage Commission is subsequently guided by collectively agreed wage developments’ (Bundesministerium der Justiz, 2023). This means that the development of collectively agreed wages in Germany is the main criterion for determining the minimum wage level, taking into account the effects on competition, employment and employee protection. The Minimum Wage Commission uses the German Federal Statistical Office’s wage index of the previous two years as a basis for tracking wage developments (Statistisches Bundesamt, undated). In the reasoning attached to the decision, the Minimum Wage Commission emphasises that the decision for the raises to €12.41 on 1 January 2024 and €12.82 on 1 January 2025 was taken ‘in the context of an overall assessment’ based on the above-mentioned criteria set out in the Minimum Wage Act, without directly referring to specific numbers as a basis for its decision. However, the Minimum Wage Commission does refer to the ‘historically high level’ of 6.9% inflation in 2022. According to the wage index of the Federal Statistical Office, the collectively agreed wages per hour including special payments (e.g. one-off payments during the COVID-19 crisis) in Germany had risen by 2.0% in 2020, 1.3% in 2021 and 2.2% in 2022. Against this background, the minimum wage is rising by 3.4% in 2024 and will rise by 3.3% in 2025.</td></tr>
<tr><td>Luxembourg</td><td>Luxembourg has uprated its minimum wage three times since January 2023. In February 2023, the minimum wage (and other wages) increased by 2.5%, as the inflation rate of the national consumer price index stood at 4.8% for the month of January. In April 2023, another index-based adjustment was made, which was triggered in June 2022 and postponed to April 2023 in accordance with Article 3 of the Law of 29 June 2022 transposing certain measures provided for in the tripartite agreement of 31 March 2022. In September 2023, another increase of 2.5% was given, as the annual inflation rate for the national consumer price index stood at 4.2%.</td></tr>
<tr><td>Malta</td><td>All workers are entitled to a cost-of-living increase (COLA), including those who earn minimum wage. However, workers with collective agreements might have wage increases that are in addition to or inclusive of the COLA. If they are inclusive of the COLA, then this would mean that employees would only get the stipulated increase and not the COLA, provided that such an increase is at least equal to the amount of the COLA.
This means that the COLA represents the minimum adjustment of the minimum wage.The COLA is calculated on the basis of a 12-month moving average inflation rate as of September 2023 multiplied by the base wage, where the official index of inflation is the retail price index. The base wage represents a wage level agreed upon in 1990 and which has since then been augmented annually by the COLA. One characteristic of the COLA is that, unlike other forms of wage indexation observed in European countries, compensation is granted by a flat amount, independent of the wage level, rather than a percentage indexation. Hence, the percentage increase of wage is smaller at higher wage levels relative to the base wage.</td></tr>
<tr><td>Netherlands</td><td>As of February 2023, the government took several factors into account in deciding the change of minimum wage rate. The high inflation rate was considered, which affected both the purchasing power of wages and benefits tied to the minimum wage. The substantial decrease in the real value of the minimum wage, compared with previous years, most visible compared with the mid-1990s, was a factor that the government considered. The government also evaluated policy changes and factored in the impact of additional increases in the minimum wage, specifically the 8.05% increase of 1 January 2023, and aimed to minimise the effects of the high inflation of 2022. It also considered various possibilities for wage growth, price inflation and the effects of each on the real value of the minimum wage in 2023–2024. Multiple scenarios were considered that included possibilities of wage increases matching, exceeding or falling short of price inflation. In the end, nothing more than following the actual indexation, based on the developments in collectively agreed wages, was done. Most inflation ‘damage’ was repaired by last year’s one-off strong increase. It should be noted that the transition from a statutory monthly minimum wage to a statutory minimum hourly wage as of 1 January 2024 has already had an effect on recipients of the minimum wage, specifically those with collective labour agreements for working weeks exceeding 36 hours (Sociaal en Cultureel Planbureau, 2023).</td></tr>
</table>

Country	Description of approach and criteria
Poland	The Act of 10 October 2002 on the minimum wage lists indicators that the Council of Ministers presents to the Social Dialogue Council before making a decision regarding the increase in the minimum wage (see Eurofound's minimum wage country profiles for a detailed description). The price index projected for 2024 used in the minimum wage setting was 106.6%. Moreover, as the forecasted inflation rate for 2022 (2.8%) was lower than the actual inflation rate (14.4%), the minimum wage was additionally increased by the verification index. Moreover, because the amount of the minimum wage in the second half of 2023 (PLN 3,600), from which the amount of the average minimum remuneration for work in 2024 was calculated, was higher than half of the average remuneration in the first quarter of 2023 (PLN 7,124.26), the rule of two-thirds of real gross domestic product growth rate was not taken into account when calculating the minimum wage in 2024 (Legislative Statement for Proposal No. RD740). Additionally, the forecasted inflation rate regulates the frequency of minimum wage changes. If the forecasted consumer price index for goods and services for the following year is at least 105%, two dates for changing the minimum wage and minimum hourly rate are established: 1 January and 1 July. If the forecasted consumer price index for goods and services for the following year is less than 105%, one date for changing the minimum wage and minimum hourly rate is established: 1 January (Article 3 of the Minimum Wage Act). Since the price index projected for 2024 was 106.6%, two dates for changing the minimum wage and minimum hourly rate were set: 1 January 2024 and 1 July 2024.
Slovenia	The Minimum Wage Act states that, to adjust the minimum wage, the government must use the official data of the Statistical Office of the Republic of Slovenia on the year-on-year growth of consumer prices in December of the previous year compared with December of the year before that. In addition to the growth of consumer prices, the following can also be taken into account: wage trends, economic conditions or economic growth and employment trends. After consulting social partners, the Minister of Labour, Family, Social Affairs and Equal Opportunities announced on 23 January 2024 that the minimum wage for 2024 was to be set with a 4.2% increase compared with the previous year, which is the minimum amount required by the legislation.

Notes: *SHBOE,* salaire horaire de base des ouvriers et des employés*; SMIC,* salaire minimum de croissance.
Source: *Authors' own elaboration*

Reference value-based approaches with room for deviations

Some other countries have a relatively precise description in their regulations or agreements of which criteria to use, and they adhered to these criteria in their (various) processes of setting the rate, referring back to them when outlining the final decision. During 2023, when adjusting the rates for 2024, this included Bulgaria, Czechia (where the government abided to a proposed law [12]), Estonia, Ireland, Lithuania and Slovakia. In some of these cases, the main criterion used during the 2023 update rounds for 2024 was a certain target threshold between minimum and average wages that the wage-setting parties will strive to reach in the near future. The Czech government aims to reach 45–50% of average gross wages by 2028, Estonian social partners aim to reach 50% of gross average wages by 2027, and Ireland targets 60% of median hourly wages by 2026 (in addition, the Low Pay Commission is obliged to consider a set of less stringently defined socioeconomic indicators). Lithuania and Slovakia [13] are already within or at their target values and they based their current uprates – with room for social partners' negotiations – on these values, while Bulgaria reached the target of 50% of average gross wages for the first time, with a substantial increase. See Table 6 for more details.

12 This amendment to the Labour Code was approved and passed on 20 March 2024. It will guide the setting of the rate for 2025.

13 Update from 6 January 2024: the Slovak Ministry of Labour, Social Affairs and Family announced that it would prepare new legislation in which the minimum wage is automatically set at 60% of the average wage, unless otherwise agreed by the social partners (MPSVR SR, 2024).

Table 6: Overview of countries that adhered to reference values vis-à-vis average or median wages when deciding on the update of the national minimum wage rates in 2024, by country

Country	Reference	Description of approach and criteria
Bulgaria	50% of average gross wages	Amendment 48-254-01-27 of the Labour Code, ratified by parliament on 1 February 2023, outlines that the minimum wage for the forthcoming calendar year should be determined by 1 September of the present year. It is set at 50% of the average gross wage over a 12-month period, encompassing the final two quarters of the previous year and the initial two quarters of the current year. Criteria for the adjustment of the minimum wage from 1 January 2024 were defined in the partial preliminary impact assessment related to the draft decree of the Council of Ministers, outlining the minimum wage setting for that year (Bulgarian Ministry of Labour and Social Policy, 2023). Peak inflation was recorded at 18.7% in November 2022. The average annual inflation rate from July 2022 to June 2023 compared with the same period in the previous year was 12.9%. Projections for 2023 expected this trend to persist, with gross domestic product growth estimated at 1.8% and an average annual inflation rate measured by the consumer price index anticipated at 8.7%.
Czechia	45% of average gross wages by 2028	The government proposed two scenarios for an increase of the minimum wage for 2024, both of them based on a proposed amendment to the Labour Code and a proposal for a government regulation, and both linking the rate to a different percentage of the average wage. The first scenario assumed that the minimum wage should reach 45% of average gross wages by the end of 2028, while the second variant assumed a ratio of 50% by the end of 2028. The proposed rates for 2024 were based on the assumption that these targets should be reached by linear increases of the rate over the years. For 2024, the predicted relationship between minimum and forecasted average wages would be 41.1% or 42.1% depending on the scenario. The government consulted the social partners on these variants and, following disagreement, opted for the first scenario. On 1 February 2023, the Ministry of Labour and Social Affairs submitted to the government of Czechia a draft amendment to the Labour Code with the above-mentioned first variant of §111 containing an indicative reference value of 45% of the average gross wage resulting from the external comment procedure. Update: On 20 March 2024, the government approved the amendment to the Labour Code. The minimum wage will be regularly updated based on a formula, including a reference value in relation to average wages. In the opinion of the Minister of Labour and Social Affairs, minimum wages should reach at least 47% of average wages by 2029 (MPSV, 2024).
Estonia	50% of the average wage by 2027	Prior to agreeing to the minimum wage for 2024, the peak-level social partners and the Minister of Economic Affairs and Information Technology signed a goodwill agreement, which sets out the growth rate of the minimum wage until 2027. The aim of the agreement is to ensure that, by (January) 2027, the minimum wage reaches the level of 50% of the average gross wage. The agreement also includes the conditions on which the rapid increase of the minimum wage should be reconsidered or halted (Estonian Employers' Confederation, 2023). The increase is reconsidered or halted if any one of the following risks materialise. - According to the latest economic forecasts, the economy is expected to decline in the current or upcoming calendar year. - Unemployment has significantly increased in the past three quarters compared with the previous period. - The number of companies at risk of paying under-the-table wages has grown significantly, linked to the rapid increase in the minimum wage. - Conditions for goodwill agreements, such as the definition of unemployment, the level of benefits or the gross salary structure, have undergone significant changes. With these conditions intact, every autumn the data on economic prospects, job shortages and the informal economy will be evaluated and considered when setting the minimum wage. During the negotiations in autumn 2023, the Estonian Employers' Confederation (ETKL) proposed to diverge from the increase outlined in the goodwill agreement, arguing that the risks of economic decline outlined in the agreement did indeed materialise. According to the goodwill agreement, the increase from 2023 to 2024 should have been 14%, and the confederation suggested that it should be lower. The Estonian Trade Union Confederation (EAKL) disagreed. In the end, they agreed upon a 13% increase (ERR News, 2023a).
Ireland	60% of hourly median wages by January 2026	Following a government announcement in November 2022, the Irish Low Pay Commission shall make the appropriate recommendation so that the minimum wage is set at 60% of gross hourly median wages by January 2026. Using data from the Central Statistics Office, the Low Pay Commission estimated the median hourly wage for 2022 as €20.63. It also pointed to a median wage forecast of €23.04 for 2024, giving an 'indicative national living wage for 2024 of €13.82 per hour' (based on a national living wage set at 60% of hourly median wages). Given that the current rate is well below the 60% target and because Ireland is experiencing strong economic growth and very low levels of unemployment, the Irish Low Pay Commission 'recommends speeding up the transition to the 60% target', with a report citing wage growth forecast figures from the Department of Finance, the Central Bank of Ireland and the European Commission (Low Pay Commission, 2023).

Country	Reference	Description of approach and criteria
Lithuania	45–50% of average wages	The Tripartite Council of the Republic of Lithuania (TCRL) agreed at its meeting on 21 September 2017 on the formula for setting the minimum wage. According to the formula, the monthly minimum wage must be in the range of 45–50% of average gross wages. In addition, it must be in line with the average of the minimum-to-average wage ratio of one-quarter of the Member States with the highest ratios. The TCRL requested the assistance of the Bank of Lithuania in the determination of the minimum wage calculation methodology and agreed to use the bank's recommendations and calculations in the future when considering the conclusion on the determination. Following the above-mentioned criteria, the Bank of Lithuania proposed an increase in the minimum wage by 13.4% (up to €952.84) at the TCRL meeting on 25 April 2023, not taking into account the tax reform presented by the government. This increase would bring it up to 50% of average wages. As a compromise, representatives of trade unions and employer organisations at the TCRL meeting on 5 May 2023 endorsed the government's proposed tax reform-related formula, namely that the minimum wage would only increase by 10% (up to €924) in 2024 and the tax-exempt amount of income would increase by 20%. The established minimum wage constitutes 48.5% of the average. The representatives of the government stated that the tax reform was targeted at low- and average-income employees or households, meaning that a minimum wage earner in 2024 will receive around €75 a month more than in 2023 (LRT.lt, 2024).
Slovakia	57% of average wages in 2022	The Slovakian law stipulates a ratio of 57% of average wages in 2022, in the event that the social partners do not come to an agreement before 15 July 2023. For the 2024 rate, this would have implied an amount of €744. The social partners ultimately agreed on €750.

Source: *Authors' own elaboration based on national contributions*

Approaches with more loosely defined criteria

Other countries have also defined criteria to be adhered to during the revision of rates in their regulations but left the practical implementation to the discussions, recommendations or negotiations of and between the wage setters. For the 2024 rates, this included Croatia, Cyprus, Greece, Hungary, Portugal and Spain. As for the previous group, and in contrast to the first group of countries, there is room for manoeuvre, negotiation and interpretation. Table 7 provides an overview of these countries' approaches. Germany – as a hybrid case – could be partially included in this group, when considering all the other factors the Minimum Wage Commission must consider in its 'comprehensive assessment' beyond the development of the index of negotiated wages. The situation in Germany was described in Table 5.

Table 7: Overview of countries that adhered to loosely defined criteria when deciding on the update of the national minimum wage rates in 2024, by country

Country	Description of approach and criteria
Croatia	According to the current version of the Minimum Wage Act (Article 6(3)), the following indicators must be considered in setting the level of the national statutory minimum wage: ◦ the increase in the share of the minimum wage in the average gross salary paid in legal entities from January to July of the current year ◦ the level of inflation ◦ changes in salaries ◦ unemployment and employment trends ◦ demographic trends ◦ the overall state of the economy Moreover, while considering the overall state of the economy, 'special attention' to activities with low wages and vulnerable groups of employees is prescribed. As for the latest adjustment specifically, the government proposal for the adjustment of the minimum wage for 2024 (issued on 25 October 2023), in referring to the recommendation prepared by the Expert Commission for Monitoring and Analysis of the Minimum Wage, explicitly referenced each of the above-mentioned criteria as factors taken into consideration by the experts in drafting the recommendation. Furthermore, additional mention was made to 'trends in labour productivity', a criterion not expressly required by Article 6(3) of the Minimum Wage Act. It is nonetheless relevant to note that, among the criteria outlined by both the expert commission and the government, inflation has emerged as the focal point for the 2024 adjustment.

Country	Description of approach and criteria
Cyprus	According to the Minimum Wage Decree (KDP 350/2022), the minimum wage setters in Cyprus have to take into consideration the following criteria: - the purchasing power of the minimum wage from the perspective of cost-of-living variations - the trends in the level of employment and unemployment rates - the economic development and level of productivity - the development of wages in the economy and their distribution - the impact that any change of the minimum wage may have on the level of employment, on the indicators of relative and absolute poverty, on the cost of living and on the competitiveness of the economy All members of the Minimum Wage Readjustment Committee (MWRC) submitted position papers, individually or as a group, analysing the above-mentioned criteria. There was no agreement on the level of this increase. Ultimately, the decision was taken by the government. The government has not provided a public explanation of how it considered the readjustment criteria. Nevertheless, it was obvious that the government's decision was guided by the opinion of the independent members of the committee, who favoured (1) a disconnection of the entry rate from the six-month seniority rate (that means that the entry rate should not necessarily evolve by the same percentage as the six-month seniority rate), (2) that the entry rate should not be below the 2022 poverty threshold of €893 and (3) a six-month seniority rate ranging from €987 to €1,004 (or 58–59% of the 2022 median wage of €1,701).
Greece	According to the conclusion report of KEPE (2023), during the consultation on the minimum wage in 2023, the rationale of the consulted organisations and the methodology used were based on various criteria. Many of the consulted organisations use criteria without giving particular weight to any of them. Such organisations include KEPE and the Foundation for Economic and Industrial Research, which choose a broader approach. Others focused on and emphasised specific criteria. For example, the Labour Institute of the Greek General Confederation of Labour focused on the need to replenish the losses in the purchasing power of the minimum wage and maintain a decent standard of living. The Bank of Greece mainly focused on price stability and maintaining international competitiveness. The Commerce and Services Institute of the Hellenic Confederation of Commerce and Entrepreneurship emphasised the need to ensure the sustainability of small and medium-sized enterprises and avoid creating an upward spiral of wages and prices of goods and products. The criteria used primarily concerned the previous year (2022) and forecasts for the next year (2023). However, references to longer periods are not absent. The criteria most frequently invoked concerning the necessity of increasing the minimum wage are the increase in prices (inflation) and the asymmetric impact on households with lower incomes. Positive developments in competitiveness in previous years were also considered to allow for an increase in the minimum wage. On the other hand, the Kaitz index and the assumption that the minimum wage should be equal to 60% of the average wage were less frequently used than the criterion of competitiveness. The Labour Institute of the Greek General Confederation of Labour, which supports that this assumption ensures a decent standard of living, uses the Organisation for Economic Co-operation and Development's (OECD) Kaitz index for its calculations, while other consultation bodies, such as KEPE and the Foundation for Economic and Industrial Research, argue that the minimum wage already approaches the desired level.
Hungary	The expected inflation rate and gross domestic product growth were the two main aspects taken into consideration during the negotiations. In 2023, annual inflation was estimated to come in at 17.5%, which the increase in minimum wages has not kept pace with (16% and 14% for the guaranteed minimum wage). Bringing forward the 2024 wage increase to December 2023 would largely compensate for this loss in real wages in the case of the minimum wage but not for the guaranteed minimum wage. At the same time, the economy's output contracted slightly in 2023, while unemployment was at an extremely low level (3.9–4.1%), as labour demand is very tight despite the recession. These indicators were also taken into account in the negotiations on the 2024 minimum wage. The 15% increase in the minimum wage (10% increase in the guaranteed minimum wage) in 2024 will ensure a significant increase in real wages, as inflation is forecast at 4–6%. Negotiators have taken into account the government's economic forecasts and those of independent research institutions. The increase in the minimum wage above the expected inflation rate was in line with the objective of allowing wages to catch up with inflation in Hungary. This aspect was also accepted by employers, as the tight labour market will in any case induce meaningful wage increases.
Portugal	The criteria are established by the Labour Code (Law 7/2009, Article 273), which determines that the setting of the minimum wage considers, among other factors, the needs of the workers, the increase in the cost of living and the evolution of productivity, adapting to the criteria of income and price policy. The references for the calculations of inflation and productivity followed the estimates identified in the Medium-Term Agreement for Improving Income, Wages and Competitiveness signed in 2022 (CES, 2022), and their re-evaluation in the last quarter of 2023 by the tripartite commitment reinforcing the medium-term agreement for improving income, wages and competitiveness (CES, 2023). The medium-term tripartite agreement of October 2022 assumed the medium-term inflation forecast (2% per year) provided by the European Central Bank, and medium-term productivity growth of 1.5% (2023–2026), in line with the macroeconomic scenario of the state budget for 2022 and 2023 and the 2022–2026 Stability Programme. This medium-term agreement set a formula for general wage increases that also considers the purpose of increasing the wage share by 3 percentage points, until 2026, to converge with the EU average, as follows: inflation + productivity + wage + an additional 1.3%. Following this formula, the general wage increase set by the tripartite agreement for 2023 was 5.1%, but the increase of the minimum wage was 7.8%. The average remuneration declared to the social security system by employees increased by 7.2% in 2023, to €1,463, according to data from the Ministry of Labour, Solidarity and Social Security. This increase was well above the 5.1% benchmark established in the tripartite agreement and higher than the average inflation observed for 2023, 4.3%, measured by the national statistics institute. The increase of the national minimum wage by 7.8% to €760 contributed to the increase in average annual variation (Diário de Notícias, 2024). The amendment agreed in 2023 revised the target for the general wage increase for 2024, from 4.8% to 5%, and the target for the minimum wage increase, from 6.6% to 7.9%. The higher increase of the minimum wage took into account the 'needs of the workers' of the poorest families most affected by inflation in terms of its impact on how basic consumption, such as food, affects their expenses (Peralta, 2023). Also, the trajectory of minimum wage increases above the wage increases has been considered necessary to prevent in-work poverty.

Country	Description of approach and criteria
Spain	The process of setting the minimum wage for 2024 started in November 2023 and consisted of three ad hoc tripartite meetings. The main actors involved have been the largest and most representative trade union confederations (the Workers' Commissions (CCOO) and the General Union of Workers (UGT)), the most representative employer organisation (the Spanish Confederation of Business Organisations (CEOE)) and the government. In the first meeting, which took place in the last week of November 2023, no agreement was reached. In this meeting, trade unions made clear the elements that should be considered for setting the increase in 2024: maintaining the minimum at 60% of the average wage and using core inflation to guarantee maintenance of the purchasing power of wages. However, they did not propose a specific increase. The employer organisation CEOE also made clear that the indexing of public procurement contracts to inflation was a necessary condition for it to sign any agreement and proposed a 3% increase for 2024, in line with the increase in negotiated wages agreed in the fifth cross-sectoral agreement with trade unions (of May 2023). Trade unions accepted the first point from employers but considered the proposed increase of 3% insufficient. The second tripartite meeting, held on 11 December, also finished without an agreement. On this occasion, the government made a proposal for a 4% increase in 2024. This increase was criticised by trade unions, which considered that 5% should be the target, even though they were open to negotiating. A third meeting was held in early January and, again, no agreement was reached. In an attempt to address the difficulties regarding reaching a tripartite agreement, given the opposition of employers to going above 4%, the government had a meeting some days later with trade unions in order to sign the definitive bipartite agreement setting a 5% increase.

Note: *KEPE, Centre of Planning and Economic Research.*
Source: *Authors' own elaboration based on national contributions*

No explicit criteria

In a few other countries, no further or only limited information was obtained on which criteria guided the setting of the rates for 2024. In Latvia, when deciding on the change of the minimum wage, 12 criteria defined by Section 2 of the Regulations of the Cabinet of Ministers No. 563, 'The procedure for determining and revising the minimum monthly wage', are usually considered. However, the 2024 minimum wage was set in advance in accordance with the Labour Law. In Romania, no explicit criteria were identified for the setting of the new rate.

In Malta in October 2023, there was a unanimous agreement among all employer bodies, unions and government representatives on the increases in the national minimum wage over the next four years. There is no specific criterion mentioned in the agreement (and no further information was obtained). Nevertheless, the agreement refers to the EU Minimum Wage Directive to ensure an adequate minimum wage level, and it stipulates that the increase in the minimum wage should not impair business competitiveness and quality job creation or hamper the proper functioning of collective bargaining exercises. (See also the section on 'Largely formula-based approaches', as with the indexation of the COLA, Malta has a hybrid approach to minimum wage uprating.)

Comparative overview of criteria applied for the 2024 rates

The analysis of the criteria that were considered during the 2023 rounds when setting the rates for 2024, as summarised in Table A2, reveals the picture described below and summarised in Figure 18.

The most frequently considered criterion in updating the rates was the (past or projected) development of prices (inflation), usually measured by a national consumer price index. Nearly two-thirds of the Member States (14) out of the 22 with a national minimum wage reportedly considered price developments when setting the new rate.

The second most frequently observed criterion is various 'other' – that is, country-specific – criteria underpinning the large diversity in approaches. These include, for example, wage developments in neighbouring countries; impacts of state budgets; poverty; competitiveness; or setting the minimum wage as a percentage of the minimum living income.

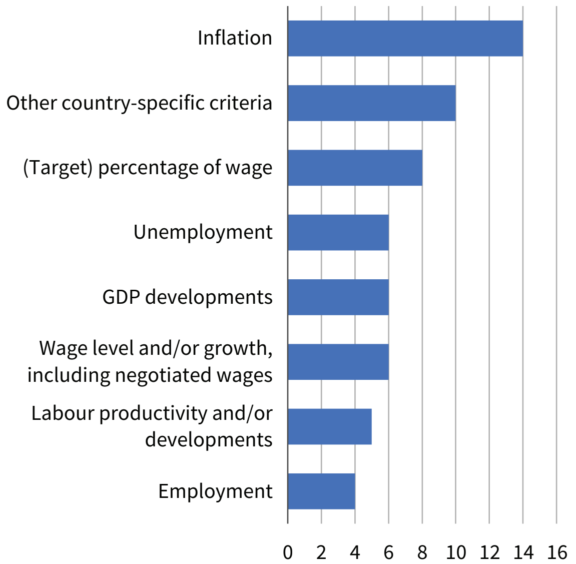
The third most frequently observed criterion was consideration of a certain (target) value of the national minimum wage in relation to wages. Eight countries were found to have considered such a certain percentage of average or median wages when determining the new rate for 2024, either as a path to develop towards or as a threshold to maintain. In these cases, one can argue that all three wage-related elements (level, growth and distribution) of Article 5(2) of the Minimum Wage Directive were included in the criteria employed (this is also the view of the Commission services; see European Commission, 2023).

Among the Member States that do not use such reference values, six more reportedly considered the level and/or the development of wages, including negotiated wages. The wage distribution on its own was not considered in any country.[14]

Macroeconomic criteria such as developments in gross domestic product (GDP) and/or national labour productivity levels or changes were reportedly followed by six and five Member States, respectively. Labour market criteria were considered in 10 countries (6 considered the development of unemployment rates and 4 considered the development of employment).

The overview of these criteria shows that, during 2023, only very few Member States seemed to take into account the 'absolute' dimension of the purchasing power of minimum wages – that is, whether they are set at a level that provides a decent standard of living. The directive gives Member States discretion on how to implement the criteria containing this element, although it mentions as an example a 'basket-based approach', to be updated with real prices (recital 28).

Figure 18: Criteria referred to in the setting of national minimum wage rates for 2024 (number of countries that reportedly considered each criterion)



Notes: *The criteria depicted here are those that were reportedly applied during 2023 for the setting of the rates for 2024. They are not necessarily fully aligned with those stipulated in the minimum wage regulations, especially in countries with more loosely defined criteria. An overview of the content of the regulations in relation to which criteria shall be considered during the setting of the rates is available in Eurofound's minimum wage country profiles.*
Source: *Compiled by the authors based on information from the Network of Eurofound Correspondents, as per Table A2*

This is confirmed in the transposition document, which provides another example of a method that could be used: designing surveys to specifically check the purchasing power of minimum wage earners.

Debated changes to aspects of minimum wage setting

Wage setters, including social partners, in several Member States debated or at least unilaterally proposed changes to aspects of minimum wage setting. This concerned the following aspects:

- how standard basic minimum wage rates are defined (Cyprus, Hungary and Poland)
- the criteria and process for setting the rates (Cyprus, Poland and Spain)
- the move towards living wage-based approaches (Malta and Romania)
- potential regional differences between minimum wage rates (France, Poland and Slovakia)
- an update on the debates around the (non-) introduction of a national statutory minimum wage (Austria, Finland and Italy)
- minimum wages for platform workers (Malta and Portugal)

Definitions of the rates of minimum wages

In **Cyprus**, the (re)definition of the minimum wage rate on an hourly (instead of a monthly) basis was debated both in the negotiations within the tripartite Labour Advisory Body and publicly. Currently, the monthly rate, which does not specify underlying working hours, results in differential treatment of workers based on their contractual hours.

In **Hungary**, social partners debated the merits of introducing a single minimum wage – that is, combining the standard minimum wage and the guaranteed minimum wage (which has to be paid to qualified workers). This was rejected by workers' representatives, insofar as the merger would be achieved through a significantly lower increase in the guaranteed minimum wage. In their 2024 agreement, the social partners nevertheless decided on a slightly lower increase in the guaranteed minimum wage, the reason being that the guaranteed minimum wage affects employers much more than an increase in the standard minimum wage.

In **Poland**, where several allowances currently count towards the minimum wage, the All-Poland Alliance of Trade Unions (OPZZ) requested the exclusion of all additional allowances and bonuses to form a single-component category: the basic salary (OPZZ, 2023).

14 In the transposition report, the Commission services explained that wage distribution (in the context of Article 5(2)) could be operationalised, for instance, by indicators such as the ratio of the minimum wage to the average or median wage, the Gini coefficient of wages or the ratio of the first to the fifth decile of the wage distribution – with flexibility for Member States.

Criteria adhered to in the setting of rates and approach to the application of these criteria

In **Cyprus**, in addition to the debate reported above, the introduction of a 'formula-based approach' to the setting of the rate was suggested by employers (Cyprus Employers' and Industrialist Federation). However, this has been postponed and is to be followed up in future sittings of the Committee for Readjustment.

In **Spain**, during the annual negotiation, there was disagreement among social partners on whether the average wage is the right indicator to use as a benchmark. In its reports in 2022 and 2023, the expert committee provided some indications as to the best indicator to be used.

In **Poland**, several employer organisations requested changes to the mechanism of wage setting, but there were hardly any concrete proposals. The employer organisation Business Centre Club (BCC) proposed a change of the mechanisms for setting the minimum wage. The Federation of Polish Entrepreneurs (FPP) suggested changing the minimum wage-setting mechanism, in particular the mechanism to update the minimum wage, which currently involves a 'verification' mechanism that takes into account the difference between the forecasted and the actual inflation rates when doing the next update. The employer organisations propose stabilising the minimum wage at 50% of average wages so that the statutory algorithm does not cause changes that disturb the balance in the labour market and the economy (BCC, 2023; Employers of Poland, 2023; Federation of Polish Employers, 2023; Lewiatan, 2023).

Living wage approaches

In **Malta**, as in previous years there were discussions on transitioning to a 'living wage approach'. This discussion was revived following the publication of a study in September 2022 by the General Workers' Union (GWU, 2022), in collaboration with the Alliance Against Poverty (AKF) and Moviment Graffitti. Although there is still no national consensus on what the national living income should be, there was a consensus among social partners to raise the minimum wage beyond the COLA adjustment.

A similar debate was noted in **Romania**, likewise originating from the unions, as some unions, especially the Cartel Alfa confederation, maintain this on their agendas. The exact value of the living wage remains controversial, despite the existence of Law 174/2020, which is supposed to regulate this issue. There is no officially approved estimate of the living wage, although the Friedrich Ebert Foundation has published an annual update on the value of the living wage each year since 2018.

Regionalisation of rates

Proposals to differentiate national statutory minimum wage rates by region were made in countries that have discussed or considered such proposals in the past. However, there has been limited progress in this area.

In **France**, the expert group had already put forward ideas around regional rates in its 2017 report. These resurfaced in 2023 with a demand from the president of the Île-de-France region, which covers the Paris area (Région Île-de-France, 2023). Among the 45 new powers requested of the state as part of a 'decentralisation shock', obtaining the power of negotiation of a specific minimum wage in the Paris region – to establish an 'Île-de-France minimum wage' – was at the top of the list. Jean-François Vigier, regional councillor, who submitted the report, points out:

> *The cost of living in the Paris region is such that we can no longer reason on the basis of an equal minimum wage. We need to be able to discuss this again at Île-de-France level, with the social partners.*

Interviewed in Le Monde (Le Monde, 2023), the chair of the Group of Experts on the Minimum Wage, economist Gilbert Cette, admits that the experts 'looked sympathetically' at the idea of geographical differentiation of the minimum wage, 'because it seems logical a priori. But up close, it's a very bad idea'. He goes on to say:

> *When we take a close look at the differences in house prices, for example, we see that they do not vary by region, or even by city. In Paris, 300 metres apart, you can have considerable rent differences! So for it to work, you need to be very granular, which would mean thousands of different minimum wages.*

In **Poland**, the employer organisation BCC proposes a regionalisation of the minimum wage rates (BCC, 2023). The Confederation of Trade Unions of the **Slovak** Republic, on the other hand, outlined in a press release why it is against regional minimum wages. In its view, regional minimum wages would preserve and deepen regional differences, and thus high pressure could be created in less developed regions to maintain wages at the lowest possible level (KOZ SR, 2023).

Debates on the introduction of national statutory minimum wages

As in previous years, except for Italy, no notable debates on the possible introduction of statutory minimum wages were held in countries without collectively agreed minima.

In **Austria's** easternmost state, Burgenland, a statutory minimum wage of €1,700 (net, per month) was introduced for state employees in 2021 and increased to €2,000 in 2023 for all employees (BVZ, 2023). While in the past the region's governor, Hans Peter Doskozil, demanded a federal statutory minimum wage (not reflecting his federal party's position), he stepped back from this demand and stated that his party, the Social Democrats (SPÖ), should back up the unions in aiming to reach a minimum wage of €2,000 in 2023 in all sectors via collective bargaining (NeueZeit.at, 2023).

In **Finland**, in 2022 the Minister of Social Affairs and Health (representing the Left Alliance party) suggested in a speech that Finland ought to adopt a statutory minimum wage of €12 per hour. The Left Alliance included the same suggestion in its election programme for 2023. However, it was the only party proposing this; no public discussions were identified (Tekijä, 2023).

In **Italy**, the debate on the need to reform the collective bargaining system and the industrial relations model – especially with regard to wage developments – is very lively and involves a variety of stakeholders. The Italian General Confederation of Labour (CGIL) and the Italian Labour Union (UIL) seemed to lean in favour of a statutory minimum wage threshold; conversely, the Italian Confederation of Trade Unions (CISL) and employer organisation Confindustria (and employer organisations in general) have more consistently expressed the view that a statutory minimum wage might not be the appropriate solution and that measures should rather focus on strengthening collective bargaining.

In 2023, further progress stemming from earlier developments in the debate (see the 2023 edition of this report, as well as an overview from the last year in Eurofound, 2023e) was represented by the law proposal 'Conte et al. S. 1275' presented jointly by the opposition parties (except Italia Viva) in July. The proposal aimed to implement the right to a fair salary as per Article 36 of the Constitution, by connecting the 'proportionality principle' to the application of the overall economic treatment[15] provided for by the national sectoral collective agreement signed by employer organisations and trade unions that are 'comparatively more representative at national level'; and the 'sufficiency principle' to a minimum rate of €9.00 gross per hour.

Other relevant provisions are:

- rendering ultra-activity compulsory in the event of non-renewal or denouncement of the agreement by one of the signatory parties
- establishing a commission for the update of the minimum hourly wage floor, with a monitoring role

The proposal never passed the vote of the Chamber of Deputies in its original version. In November, amendments to the opposition parties' bill were filed; the Chamber of Deputies approved the amended version, which does not mention any national statutory minimum hourly wage floor. Instead, it requires the government to adopt legislative decrees to strengthen national collective bargaining, applying the criterion of the most widespread collective agreements, by sector, without requiring predefined minimum rates. The amended version differs from the original both substantially (as no minimum hourly wage floor is provided) and formally (as the amended version requires the government to regulate, rather than the amended version directly regulating). As of March 2024, this amended proposal is awaiting approval by the Senate (the other chamber of the Italian parliament) in order to become effective.

Given the relevance of the debate, the National Economic and Labour Council (CNEL) was officially requested by the President of the Council of Ministers to draft and present a document of observations and proposals on the minimum wage, with a view to facilitating the ongoing political debate. The document was published on 12 October 2023. Apart from presenting a detailed overview of the present state of sectoral collective bargaining, the document favours intervention on industrial relations and collective bargaining rather than the introduction of a national statutory minimum wage, considering the high coverage (nearly 100%) of sectoral collective agreements at national level. Suggestions include intervening on matters such as delays in renewal, uncontrolled proliferation of sectoral collective agreements (taking the form of 'pirate' bargaining, to indicate collective agreements signed by doubtfully representative social partners), irregular work and involuntary part-time work. Support for the centrality of a system of industrial relations centred on collective bargaining is emphasised in several passages of the document.

Minimum wages of platform workers

In **Malta**, the food delivery sector has increased exponentially in recent years. The General Workers' Union (GWU) has accused the operators of exploiting workers, who risk becoming the 'new labour slaves'. The GWU is particularly concerned about the lack of contracts of services for these workers. The Malta Employers' Association called for food couriers to be afforded more protection through a wage regulation order that seeks a balance between the welfare of the food deliverers, the companies providing the service

15 Inclusive of seniority, additional monthly payments and collective allowances.

and clients. To ensure that platform workers gain access to labour and social protection rights, the Digital Platform Delivery Wages Council Wage Regulation Order, Legal Notice 268 of 2022, was implemented.

In **Portugal**, an amendment of the Labour Code (Law 13/2023 of 3 April, Article 12-A) guarantees several rights for platform workers, including minimum wages, when the existence of an employment contract can be presumed.

Other debates related to minimum wage policies

The remaining debates around minimum wages beyond the setting of the annual rate are country specific, and revolve around the following themes:

- the adequacy of minimum wages and low pay (Estonia and the Netherlands)
- how to maintain the gap between wages and benefit-based income and thus the incentive to work (Germany)
- whether current tax relief measures for minimum wage workers result in an incentive for companies to keep workers on the statutory minimum wage and for sectors to delay increases in sectoral minimum wages (France)
- concerns from employers regarding the cost of minimum wage increases (indirectly) (Slovakia and Spain)

Adequacy of minimum wages and low pay

Whether the current rates are adequate has been publicly discussed in **Estonia** and the **Netherlands**. In the former, this remained at the level of public debate in the media (see, for example, Levila, 2023). In the Netherlands, it was a topic of debate in the parliamentary elections. Several political parties have touched upon this issue; for instance, GroenLinks–PvdA advocated for a minimum hourly wage of €16 an hour (Het Parool, 2023). Some political parties have strongly criticised the government under Mark Rutte, accusing it of not effectively addressing the increasing issue of poverty (NRC, 2023). In the last two years, working class and low-income households have faced significant financial hardship due to the severe costs of living resulting from the elevated fuel and food prices stemming from the energy crisis sparked by the war in Ukraine. Additionally, Dutch cities are dealing with a large housing crisis marked by a scarcity of housing, steep rents and property prices that are higher than many can afford.

Maintaining the incentive to work

The relationship between the (net) level of minimum wages and non-work income has been subject to debate in Germany. The leader of the parliamentary opposition party, the Christian Democratic Union (CDU), claimed that:

> *people don't go back to work because they can calculate that they will get more out of state transfer payments at the end of the year than if they worked in a simple job and paid social security contributions and taxes.*
>
> (Deutscher Bundestag, 2023a, p. 14537)

The leader therefore did not support the increase of certain citizens' benefits. However, calculations show that significant gaps remain between the minimum wage and citizens' benefit receipt in different types of households, taking into account social benefits that employees may be eligible for, such as child benefit or housing benefit.[16] The German Economic Institute (Institut der deutschen Wirtschaft, IW) also stated that the raise for benefit receivers took place at the same time as raising other benefits (such as housing benefit or child benefit). While the gap between minimum wage earners' income and citizens' benefits was ensured in this way, taking on more work often did not pay off for minimum wage earners (IW, 2023).

Tax relief measures for minimum wage earners as incentives to stay on the minimum wage

A somewhat related debate, yet from a different angle of interaction between taxes, benefits and the minimum wage, was held in **France**. Reductions in social security contributions from which employers have benefited since 1993 are themselves indexed to the minimum wage. This creates, on the one hand, a burden on public finances (taking all tax relief schemes together, the rate of exemption in the private sector more than doubled in 10 years, from 5.1% in 2012 to 10.9% in 2022, according to a report by Urssaf (2023)). At the same time, the chair of the group of experts on the minimum wage argues that 'our system of tax relief based on the minimum wage is becoming an incentive to stay around the minimum wage'. The proportion of minimum wage earners rose significantly from 12% in 2021 to 17.5% in 2023. Sectoral bargaining is also hampered by this system, as the longer a sector does not negotiate higher wage increases, the more it gains in reductions. One of the tasks of the future High Council on Remuneration will be to seek consensual solutions to combat this phenomenon.

16 See data from the Institute of Economic and Social Research of the Hans Böckler Foundation.

Implications of minimum wage increases for labour costs

In **Slovakia**, minimum wage rates have, as of 1 June 2023, become the reference values for the payment of other allowances, such as for night or weekend work (Act No. 1/2023 amending the Labour Code). This has been criticised by employer organisations (the Federation of Employers' Association of the Slovak Republic (AZZZ SR) and the Association of Industrial Unions and Transport (APZD)), which argue that it will cause additional increases in labour costs (TREND.sk, 2024).

In **Spain**, the issue of public procurement has been on the agendas of employer organisations in relation to the minimum wage during the inflation crisis. The Spanish Confederation of Business Organisations (CEOE)) demands that the value of public contracts should automatically be updated alongside changes to the minimum wage. Because many of the contracts are in sectors or activities with a high share of workers on the minimum wage, the increases translate into a higher wage bill but the values of contracts remain constant. During negotiations for the 2024 increase, trade unions agreed to include this point in the agreement with the government. However, no modification has been made to the royal decree setting the minimum wage for 2024.

4 Influence of EU policy on national minimum wage setting

Does the recent EU policy on minimum wages – the Minimum Wage Directive – already exert an impact on national-level minimum wage setting and further issues around minimum wages? This is a question that this series of reports continues to ask. Following the finalisation of exchanges between the European Commission's services and national experts – see European Commission (2023) – the transposition of the directive into national law was under way at the time of compiling this report; Member States must have brought their national regulations in line with the directive by November 2024. Most countries are still in the process of working on the transposition of the directive, and little is known regarding the status of discussions in the various working groups that many countries have set up. Therefore, the transposition is a moving target at the stage of writing.

Eurofound's correspondents were asked to provide information on which effects, if any, the directive possibly already exerts on national methods of minimum wage setting. This could include actual or proposed changes to legislation, or areas that directly referred to the directive. In addition, envisaged wage-setting changes that are in line with the directive's spirit (even if not directly discussed under the transposition process) were of interest. In the absence of concrete impacts, correspondents were asked to report on debates or publicly available considerations or legal assessments on what areas of the current process of minimum wage setting would need to be modified in line with the directive.

This chapter summarises what is known at present (the fieldwork was mainly carried out during December 2023 and early January 2024). It summarises:

- general questions regarding the applicability of the directive
- proposals and reflections around redefining the criteria for setting the rates (as per Article 5)
- the current situation regarding consultative bodies' (Article 5(6)) and social partners' involvement and prospective changes (Article 7)
- envisaged and debated changes of regulations and actions to promote collective bargaining coverage (Article 4)

General questions regarding applicability

If or how the directive will be transposed is an issue in some countries, including Belgium, Denmark, Estonia and Norway. In **Denmark**, the resistance against the directive continued: on 18 January 2023, the Danish government brought an action of annulment before the Court of Justice of the European Union to have the EU's Minimum Wage Directive declared invalid. The decision was based on broad opposition to the directive from the government, a majority of the parliament and the social partners, and the parties worked closely together throughout the negotiations. In connection with the action, the Minister for Employment stated that wage formation should take place nationally and not at EU level, making the directive unprecedented legislation. Thus, the matter has become one of principle, even though the directive does not oblige Denmark to introduce statutory minimum wages (BM, 2023a). The arguments for the annulment action include the importance of emphasising opposition to the directive and discouraging the European Commission from future proposals for EU legislation on parts of the labour market that challenge the Danish model of labour market regulation (Folketinget). On 27 April 2023, **Sweden** decided to support Denmark (BM, 2023b). In any case, it should be noted that this action for annulment does not change the deadline for transposition and should therefore not affect Member States' transposition plans.

For **Norway**, the relevance of the Minimum Wage Directive is still being discussed between the EU and the European Economic Area and European Free Trade Association states.

In **Belgium**, social partners are contesting that their national minimum wage – set in a cross-sectoral agreement for the private sector, which is extended by royal decree – is a statutory minimum wage, and whether the articles related to countries with a statutory minimum wage apply to them. A joint statement by the social partners in the National Labour Council insisted that it is not a statutory minimum wage (if statutory means that the government has ratified it) (CNT-NAR, 2023). This question has implications for the transposition of the Minimum Wage Directive, as countries with statutory minimum wages must adhere to a different set of articles.

A similar case is **Estonia**, where social partners negotiate the national minimum wage in a bipartite peak-level collective agreement, which is then implemented by a government regulation. The official position of Estonia is that the country should belong to the category of 'collectively agreed minimum wages' and the directive will be transposed accordingly. Therefore, national wage setting will remain the same and the minimum wage will be agreed upon by the peak-level social partners. There is no disagreement on the topic; the position is supported by the Ministry of Social Affairs and the peak-level social partners (Riigikogu Press Service, 2021). The overall consensus is that nothing will change in the national wage-setting process, and the focus of transposing the directive is more on increasing and promoting social dialogue and collective agreements (Pealinn, 2022).

(Re)defining the criteria guiding minimum wage setting

Based on information obtained until January 2024, several countries have begun amending their legislation on minimum wage setting and are redefining the criteria guiding the setting, including the 'indicative reference values'.

The **Bulgarian** amendment of the Labour Code (48-254-01-27) adopted by the parliament on 1 February 2023 included 50% of the average wage as an indicative reference value but did not refer to any other criteria guiding the setting. This is currently under discussion in a dedicated working group.

In **Cyprus**, Decree KDP 350/2022 regulating minimum wages of August 2022 establishes a readjustment mechanism based upon certain criteria, including the elements mentioned in the Minimum Wage Directive in Article 5(2)(a) to (d). The formulations of the national regulation are rather similar to the formulations of the directive.

In **Czechia**, a proposed amendment to the Labour Code refers specifically to the elements required by the directive to be included in the guiding criteria, but without further specification of the variables to be included yet, as the Ministry of Labour and Social Affairs is in the process of preparing a methodology. It is envisaged that the revised law will come into effect on 1 July 2024, in time for setting the rates for 2025.

The proposed amendment also contains a description of the minimum wage uprating mechanism, which consists of a regularly reviewed (every two years) relationship between the minimum and average wages set by the government and the coefficient resulting from it, by which the prediction of the average wage in the national economy for the following calendar year published by the Ministry of Finance will be multiplied. In addition, the amendment stipulates that the reference value will be 45% of average wages by the end of 2028. The amendment to the Labour Code requires the government to take into account the analysis of the basic mandatory minimum wage adequacy elements of the directive (in Article 5(2)(a) to (d)) when updating the coefficient, and at the same time requires the government to consult with the social partners through the tripartite Council of Economic and Social Agreement of the Czech Republic (Rada hospodářské a sociální dohody ČR, RHSD ČR) regarding the level of the coefficient.

In **Estonia**, new criteria for updating the rates were introduced through a goodwill agreement between the peak-level social partners, the Estonian Employers' Confederation and the Estonian Trade Union Confederation. According to the agreement, the minimum wage increase should be a progressively growing proportion of the average wage, with targets set at 42.5% in 2024, 45% in 2025, 47.5% in 2026 and 50% in 2027. However, the determination of the minimum wage will continue to be subject to social partner discussions, with an agreement to be reached each autumn. Consequently, every autumn, an assessment of the economic outlook and unemployment indicators must be conducted and considered when finalising the agreed minimum wage rate.

In **Malta**, the Low Wage Commission in its recommendation considered the elements required by the directive to be included in the guiding criteria. It referred to the indicative reference values when assessing the adequacy (60% of median and 50% of average wages). However, there is no specific criterion in the agreement; it simply refers to the directive in relation to ensuring an adequate minimum wage level.

Box 6: Discussions and analysis on whether and how the directive requires amendment of the minimum wage regulation: The case of Germany

In 2021, the debates on the EU Minimum Wage Directive and the German election campaign, in which the issue of a €12 minimum wage played a major role, largely went in parallel. In that regard, the negotiations for an EU directive had a legitimising effect for the federal government's decision to raise the German minimum wage to €12 by a legislative act. After the increase, the German minimum wage roughly matched the 60% median criterion debated at EU level. In the legislative act to raise the minimum wage to €12, however, the government did not change any of the criteria to be applied by the German Minimum Wage Commission when setting minimum wages (Mindestlohnkommission, 2023a).

The fourth report of the Minimum Wage Commission of 2023 only mentions the EU directive in connection with 'minimum wages in an international context' and does not go into further detail in the context of the minimum wage provision (Mindestlohnkommission, 2023b, p. 28).

According to the Research Services of the German Bundestag, elements (a) to (d) of Article 5 (2) are 'minimum parameters that must be taken into account' for future adjustment decisions, and an 'explicit inclusion of the parameters determined by EU law in the Minimum Wage Act ... could be useful in terms of legal certainty' (WD, 2022, p. 9). The Minimum Wage Commission could alternatively interpret the existing Minimum Wage Act, and thus the binding elements in its future decision-making process, in line with the directive (WD, 2022, p. 11).

According to an analysis by the Institute of Economic and Social Research and the Macroeconomic Policy Institute on the EU Minimum Wage Directive in March 2023, Germany already follows the requirements of the directive in some areas. However, there is a need for action in other areas (Herzog-Stein et al, 2023), especially with regard to Article 5(2), elements (a) to (c), of the EU directive. These elements require the existing mandate of the Minimum Wage Commission to be made more specific, 'to contribute to an adequate minimum level of protection for workers' (Bundesministerium der Justiz, 2023).

Lesch et al (2021) of the German Economic Institute (IW) hold that the current legislative procedure has proved its worth, including when it came to the criteria used by the Minimum Wage Commission when taking its decisions. An amendment of the currently applicable adjustment mechanism, for example aligning the statutory minimum wage to median income, would jeopardise this success and interfere with collective bargaining autonomy. They also highlight that transforming the statutory minimum wage into a 'living wage' would necessitate wage subsidies for companies – as experiences from France and the UK show.

The question regarding the increase of the statutory minimum wage in accordance with the EU Minimum Wage Directive has also been discussed in the Bundestag (German Deutscher Bundestag, 2023b). In its parliamentary motion, the opposition party, Die Linke, called on the federal government to increase the general minimum wage to 60% of the gross median wage. Furthermore, according to the motion, the Minimum Wage Commission should in future decide annually on a possible increase in the minimum wage and publish its opinions transparently. On 9 November 2023, the Bundestag rejected the motion entitled 'Increase the statutory minimum wage in accordance with the EU Minimum Wage Directive' (20/7254), with votes against the motion from a broad majority of the Social Democratic Party, the Greens, the Free Democratic Party, the Christian Democratic Union of Germany/Christian Social Union in Bavaria and Alternative for German groups, against the votes of the proposers from Die Linke (Deutscher Bundestag, 2023c, p. 16854).

In some countries, no (significant) changes are believed to have been made in relation to the criteria when setting the minimum wage. For example, **Slovenia** has not made any legislative or procedural changes: considering current national arrangements in this area, no significant changes are believed to be required based on statements from the Ministry of Labour, Family, Social Affairs and Equal Opportunities, although some minor procedural changes are expected to be made in the future. According to the latest available data from OECD Data Explorer database, for 2022, Slovenia met both criteria: the minimum wage reached 61.7% of the gross median wage and 51.6% of the gross average wage. Given the fulfilment of these two conditions, there were no discussions or agreements on this topic.

Box 7: Proposed reform of national minimum wage setting: The case of France

In its latest (2023) report, the group of experts on the minimum wage reiterated its recommendation for a reform of the rules for automatic readjustment of the French minimum wage (*salaire minimum de croissance* (SMIC)), in compliance with the EU Minimum Wage Directive (Groupe d'Experts, 2023). In the context of a reform of the indexation mechanisms of the SMIC, the role of the expert group could be expanded and undergo a redesign, as suggested by several social partners. Various types of reforms to the automatic increase rules of the SMIC could be considered, without prohibiting the practice of the government's discretional increase, the *coup de pouce*. In its 2023 report, the group of experts proposes three types of reform, which were already included in its previous report.

- One option would be to respecify the mechanisms for the automatic revaluation of the SMIC, to prevent it from spontaneously outpacing the worker's and employee's basic hourly wage (*salaire horaire de base des ouvriers et des employés* (SHBOE)) in the event of a succession of inflationary and deflationary surprises (Dares, undated).
- Another option would eliminate all or part of the terms of automatic revaluation (inflation and half of the purchasing power of the SHBOE). This option, which has consensus within the group of experts, would confer greater responsibility to the public authorities, which could then better link changes in the national minimum wage with those in the labour market and measures to combat in-work poverty. However, it would link the frequency and magnitude of revaluations to political fluctuations. In the current context of high inflation, automatic revaluations have helped protect the purchasing power of low-wage workers, even though the medium-term effects of this protection on poverty are uncertain.
- A third option, based on practices observed in Germany and the Netherlands, would consist of automatically indexing the SMIC to the average of minimum wage trends in a panel of branches not suffering from insufficient collective bargaining. Such a change, the support for which is consensual within the group of experts, would result in the changes in the SMIC being driven by the outcomes of collective bargaining, instead of partially substituting collective bargaining, as is currently the case.

According to the group of experts:

> *these various reforms ... would primarily consolidate the role of collective bargaining, consequently giving greater responsibility to social partners for defining wage standards and branch minima. In this respect, a return to mobile wage scales and, for example, automatic indexation of branch minimum wages to inflation should be ruled out, as it would result in a weakening of collective bargaining in an area that lies at the core of its role.*

Involvement of consultative bodies and social partners

The Minimum Wage Directive, in Article 5(6), stipulates that:

> *Each Member State shall designate or establish one or more consultative bodies to* ***advise the competent authorities*** *on issues related to statutory minimum wages, and shall enable the operational functioning of those bodies [emphasis added].*

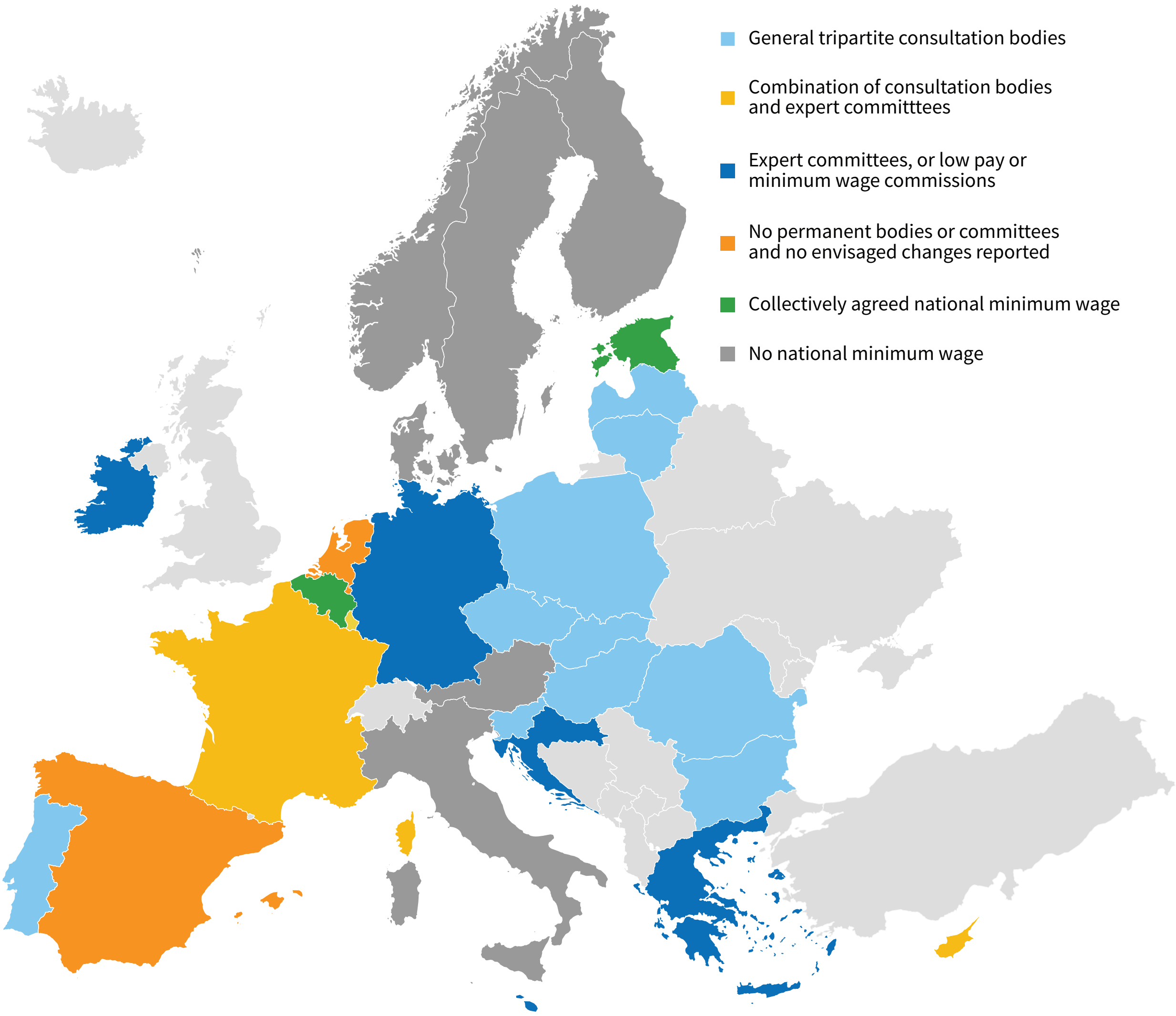
It further requires, in Article 7, that Member States:

> *shall take the necessary measures to involve the social partners in the setting and updating of statutory minimum wages in a timely and effective manner that provides for their voluntary participation in the discussions throughout the decision-making process,* ***including through participation in the consultative bodies referred to in Article 5(6)*** *[emphasis added].*

The tasks, composition and functioning of the consultative bodies are not explicitly or further described in the directive, suggesting that a broad variety of country-specific interpretations and approaches will continue to be seen. It may be assumed that the aspects of minimum wage setting in which measures shall be taken to involve social partners as per Article 7(a) to (e) of the directive could be partially or fully dealt with by such consultative bodies.

While bodies, including tripartite bodies, that 'advise' the government on issues related to minimum wages do not yet exist in all Member States with national minimum wages, it can be noted that social partner involvement in some form already exists in all Member States in relation to increasing rates (see Figure 16), even if it is indirect (such as in the Netherlands, where uprates are based on collectively agreed wages). We will now present the status quo of minimum wage setting, providing information on plans or outcomes of assessments or informed expert judgements on

Figure 19: Overview of consultative bodies and committees involved in minimum wage setting



Source: *Authors' own elaboration*

whether the current set-up could be subject to change in the context of the transposition of the directive. More information on the composition of existing bodies and groups and their role in relation to minimum wage setting can be found on Eurofound's newly published minimum wage country profiles.

Figure 19 depicts the categories of countries, by the role of consultative bodies and committees in minimum wage setting.

General tripartite consultation bodies

Most countries use **general tripartite bodies** that are entrusted with dealing with regular consultations of the social partners, including consultations related to the national minimum wages. Among these, there is one country (Romania) in which a recent legal change has specifically stipulated that the tripartite body serves as a consultative body in devising the minimum wage policy. There are two countries (Czechia and Hungary) in which, at the time of drafting this report, amendments to the minimum wage regulations that ensure compliance with the directive are under way, and the bodies could become the 'designated bodies'. In some other Member States (Lithuania and Portugal), the current set-ups are – reportedly – considered to already be in line with the directive and therefore do not require further legal changes. No explicit information from Bulgaria, Latvia, Luxembourg, Poland or Slovakia is available on whether and how the existing tripartite bodies are already considered compliant with and are considered to become the designated consultative bodies as per the directive.

Note that the role of these tripartite consultation bodies in minimum wage setting can vary: in some countries (Bulgaria, Czechia, Hungary, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia and Slovenia) these bodies are the only mechanism for debating the setting of the new rate, while in others (Cyprus, France and Luxembourg) the consultation taking place within these bodies complements another procedural form of minimum wage setting.

Table 8 provides information on these bodies and distinguishes between the two groups of countries.

Table 8: Overview of general tripartite bodies involved in minimum wage setting in the EU Member States with national minimum wages, and proposed designation as consultative bodies as per the directive

Country	Name of the body/bodies involved in national minimum wage setting	Further information in the context of the transposition of the directive
Bulgaria	The National Standing Tripartite Committee for the Conciliation of Interests is involved in wage negotiations as per the Wage Negotiation Ordinance (PMS No. 29 of 7 May 1991). The National Council for Tripartite Cooperation also serves as a pivotal body in wage negotiations and the consultation process of the social partners when setting the minimum wage rates (but its scope goes far beyond that).	None available. Preparation of the transposition is ongoing, but it is considered likely that no further bodies will be established.
Czechia	Council of Economic and Social Agreement of the Czech Republic	An amendment to the Labour Code requires the government to consult with the social partners through a tripartite process in the Council of Economic and Social Agreement of the Czech Republic on the level of the coefficient (draft law amending Act No. 262/2006 Coll., Labour Code). Currently the involvement of social partners is based on a gentleman's agreement.
Hungary	The Permanent Consultative Forum of the Competitiveness Sector and the Government (VKF) has been the consultative tripartite body related to statutory minimum wages since 2013.	This organisation is permanent and is considered to meet all the conditions for minimum wage setting. However, the challenge here is that the VKF is not named in the Labour Code. The new Labour Code, which will be submitted to the parliament in the spring 2024 session, will solve this issue by rewriting paragraph 153, which regulates minimum wage setting.
Latvia	National Tripartite Cooperation Council (NTSP)	No information available.
Lithuania	Tripartite Council of the Republic of Lithuania	The legal provisions will provisionally remain the same, as the current consultation model is considered fully in line with the provisions of the directive and the practices recognised by the Lithuanian social partners.
Poland	Social Dialogue Council	No information available.
Portugal	Social Concertation Standing Committee (CPCS)	The standard procedure in Portugal, established by the Labour Code (Law 7/2009, Article 273), is that the government determines the level of the mandatory minimum wage after consulting the social partners represented at the tripartite CPCS, which is considered to be in line with the directive (Article 5(6)).
Romania	National Tripartite Council	Romanian legislation (Law 367/2022 replacing Law 62/2011) already stipulated that the National Tripartite Council serves as a consultative body in devising the minimum wage policy. No change is envisaged so far in this respect.
Slovakia	Tripartite Economic and Social Council (HSR)	The social partners can negotiate on the minimum wage for the next year. If they do not reach an agreement by 15 July, consultations continue at the HSR (Act No. 663/2007). No information is available on changes.
Slovenia	Economic and Social Council (ESC)	According to the Slovenian Minimum Wage Act (*Official Gazette* Nos. 13/10, 92/15 in 83/18), social partners have to be consulted prior to setting the amount of the minimum wage and its yearly indexation.
Consultation within tripartite or bipartite bodies in addition to other minimum wage adjustment processes		
Cyprus	The Labour Advisory Body (tripartite social dialogue setting) conducts consultation with the social partners in addition to the tripartite Minimum Wage Readjustment Commission.	No information available.

Country	Name of the body/bodies involved in national minimum wage setting	Further information in the context of the transposition of the directive
Consultation within tripartite or bipartite bodies in addition to other minimum wage adjustment processes		
France	The National Committee of Collective Bargaining, Employment and Vocational Training (CNNCEFP) is a bipartite body. Social partners are regularly formally consulted in this framework on the new rate, but, in practice, the government often makes the decision and announces it before the meeting of the CNNCEFP.	See further information on the group of experts on the minimum wage and the announced new High Council for Remuneration in Box 8 and Table 9.
Luxembourg	The Tripartite Coordination Committee conducts social negotiations related to minimum wages. These negotiations may result in agreements on minimum wages, which are then considered during the adjustment process (which is essentially based on consumer price indexation and, every second year, on average wages).	No information available.

Source: *Authors' own elaboration*

Expert groups and low pay and minimum wage commissions

The second largest group of Member States with national minimum wages have expert groups or some form of minimum wage commission or low pay commission in place, some with the involvement of the social partners and some without. Where social partners are not involved directly in the group or committee (France and Greece), the group/commission carries out a consultation with the social partners and/or the government has another forum for consultation in place. Where social partners are part of the commission (Croatia, Cyprus and Ireland), a further social partner consultation may be carried out in a different forum when setting the rates. Table 9 provides an overview of these Member States' expert groups and low pay and minimum wage commissions.

In France, the set-up of a new body – the High Council for Remuneration – was announced in October 2023, and its role in relation to the national minimum wage setting and the role of the group of experts on the minimum wage is still to be determined (see Box 8).

Table 9: Overview of expert groups and low pay and minimum wage commissions that could be designated as consultative bodies as per the directive

Country	Name of the body/bodies involved in national minimum wage setting	Further information in the context of the transposition of the directive
Croatia	The Expert Commission for Monitoring and Analysis of the Minimum Wage is a tripartite advisory body that includes academics. According to the Minimum Wage Act, the government is additionally obliged to consult social partners on an annual basis ('usually' in September and October), but the forum and form of this consultation is not regulated.	No information available, but the Minimum Wage Act already classifies it as an advisory body.
Cyprus	The Minimum Wage Readjustment Committee includes designated experts and social partners (in combination with further social partner consultation in the Labour Advisory Body and bilateral consultations).	No information available.
France	The expert group consults the social partners. The government consults them additionally (see above).	The establishment of a High Council for Remuneration was announced in October 2023. Its role vis-à-vis the expert group and in relation to national statutory minimum wage setting has not been clarified yet.
Germany	The Minimum Wage Commission has representatives of employer organisations and trade unions.	Two legal analyses suggest that, by establishing the Minimum Wage Commission, the German Minimum Wage Act fulfils the requirement of the directive to establish an advisory body as per Article 5(6) (WD, 2022, p. 5; Herzog-Stein et al, 2023, p. 9).
Greece	The following actors have an advisory role in the process of setting the rate: ◦ the Oral Consultation Committee (tripartite, in which social partners regularly present their views and positions) ◦ the Centre of Planning and Economic Research ◦ the Committee of Experts	No information available.

Country	Name of the body/bodies involved in national minimum wage setting	Further information in the context of the transposition of the directive
Ireland	The Low Pay Commission is composed of social partner representatives and academic experts and regularly consults a wider range of social partner organisations as part of its annual recommendation procedure.	No information available.
Malta	The Low Wage Commission is a tripartite body that has been legally entrusted to review the national statutory minimum wage every four years and to review the automatic adjustment mechanism, based on the COLA (Legal Notice 66 of 2023).	No information available.

Source: *Authors' own elaboration*

Box 8: High Council for Remuneration to be established in France

At the end of the social conference that brought together the government and the social partners on 16 October 2023, Prime Minister Élisabeth Borne announced the establishment of a High Council for Remuneration (Haut conseil des rémunérations). According to her, this body will be a 'place for work, discussion and proposals', designed to 'make progress on the link between productivity, value creation and pay'. More concretely, it could be used to 'monitor and support the revision of (salary) classifications and prevent pay scales from falling, for example by ensuring that an effort to train translates into real progress for the employee'. Although the outlines of this body are still unclear, not least because the social partners do not have a shared vision of what it should be, the government intends to work with the social partners to consider how it should be 'linked' to the group of experts on the minimum wage (Liaisons sociales quotidien, 2023b).

Trade unions that are generally more critical of the current set-up and role of the group of experts expressed opinions that this new council should replace the group of experts. For example, the French Democratic Confederation of Labour (CFDT), which has called for a transformation of the group of experts into a 'low wage commission', stated that the High Council for Remuneration 'should be a place for work, discussion and proposals, responsible for monitoring and supporting the revision of classifications and preventing pay scales from collapsing', and the General Confederation of Labour (CGT) argues that it 'should have the resources to carry out studies and draw up analyses and scenarios in the interests of those who create wealth, the workers'. The Workers' Force (FO) calls for 'something other than yet another registration chamber to be set up, and to ensure that a genuine body is put in place to promote better wages, equal pay and support for branch negotiations, on which only the social partners and the State should sit'. The French Confederation of Christian Workers (CFTC) suggests that the council 'must be a genuine forum for discussion and consultation between the government and the social partners on the minimum wage and remuneration'.

Employer organisations are more in favour of the status quo. In its written contribution, the Movement of the Enterprises of France (MEDEF) states that it is 'not opposed to the creation' of the High Council for Remuneration, but it 'does not want it to replace the SMIC expert group, which must remain an expert and independent body'. The other two nationally representative employer organisations, the General Confederation of Small and Medium-sized Enterprises (CPME) and the Union of Local Businesses (U2P), do not appear to be opposed to maintaining the group of experts.

No bodies and no envisaged changes reported

There are two Member States with national minimum wages that hitherto do not have any specific bipartite or tripartite bodies or expert committees with social partner representation in place in which consultation on minimum wage rates is regularly carried out. These are the Netherlands and Spain.

In the Netherlands, social partners are not directly involved in the update of the national statutory minimum wage, nor are they consulted. However, they have an indirect role based on the indexation mechanism used, which considers the development in negotiated wages. In Spain, the Advisory Commission for the Analysis of the Minimum Interprofessional Wage (Cassmi), an ad hoc expert committee, was created in 2021 and its recommendations played a key role in setting minimum wages in 2022 and 2023. However, this committee has not been summoned or consulted in setting the minimum wage for 2024. Regular annual consultations of or negotiations with the social partners take place in ad hoc social dialogue meetings.

Box 9: Debated stronger role for the government in Estonia

In Estonia, where national minimum wages are set by social partner agreement, there was some debate in spring 2023 regarding the involvement of the government. This year's increase in minimum wages was incorporated into the coalition agreement. The Social Democratic Party, a coalition member, insisted that it would only support a planned increase in taxes if minimum wages reached 60% of the median wage. Its perspective was that, if social partners could not agree on a sufficiently substantial minimum wage increase, the responsibility for wage setting should shift to the government. It argued that this increase was necessary both because the EU Minimum Wage Directive mandates an increase and because it is a stipulation in the coalition agreement (ERR News, 2023b).

The notion that the minimum wage should be legislatively determined and decided by the government faced opposition from the other coalition members as well as social partners. Both the Estonian Trade Union Confederation (EAKL) and the Estonian Employers' Confederation (ETKL) maintained that the process of setting the minimum wage should remain unchanged, asserting that involving the government would be 'ideologically flawed' and create 'uncertainty about the future'. ETKL strongly criticised government intervention in the negotiations, expressing that it felt pressured and threatened to hastily reach an agreement when it needed more time for analysis (ERR News, 2023c).

The Social Democratic Party contended that including the minimum wage increase in the coalition agreement was a crucial step. It argued that, without this commitment, the agreement to reach 50% of average wages would not have materialised, and that the government would 'provide support' to employers who face challenges due to wage increases (ERR News, 2023d).

Bipartite setting of the national minimum wage

In Belgium (for the private sector) and Estonia, national minimum wages are set by bipartite agreement. In the case of Estonia, the agreement is then adopted by the government with a government regulation. In Belgium, the agreement is extended by royal decree. In Estonia in 2023, the directive's Article 5 and the 'indicative reference value' guiding the setting gave rise to a debate regarding a potentially stronger involvement of the government in the process of setting the rates (see Box 9).

Promoting collective bargaining coverage

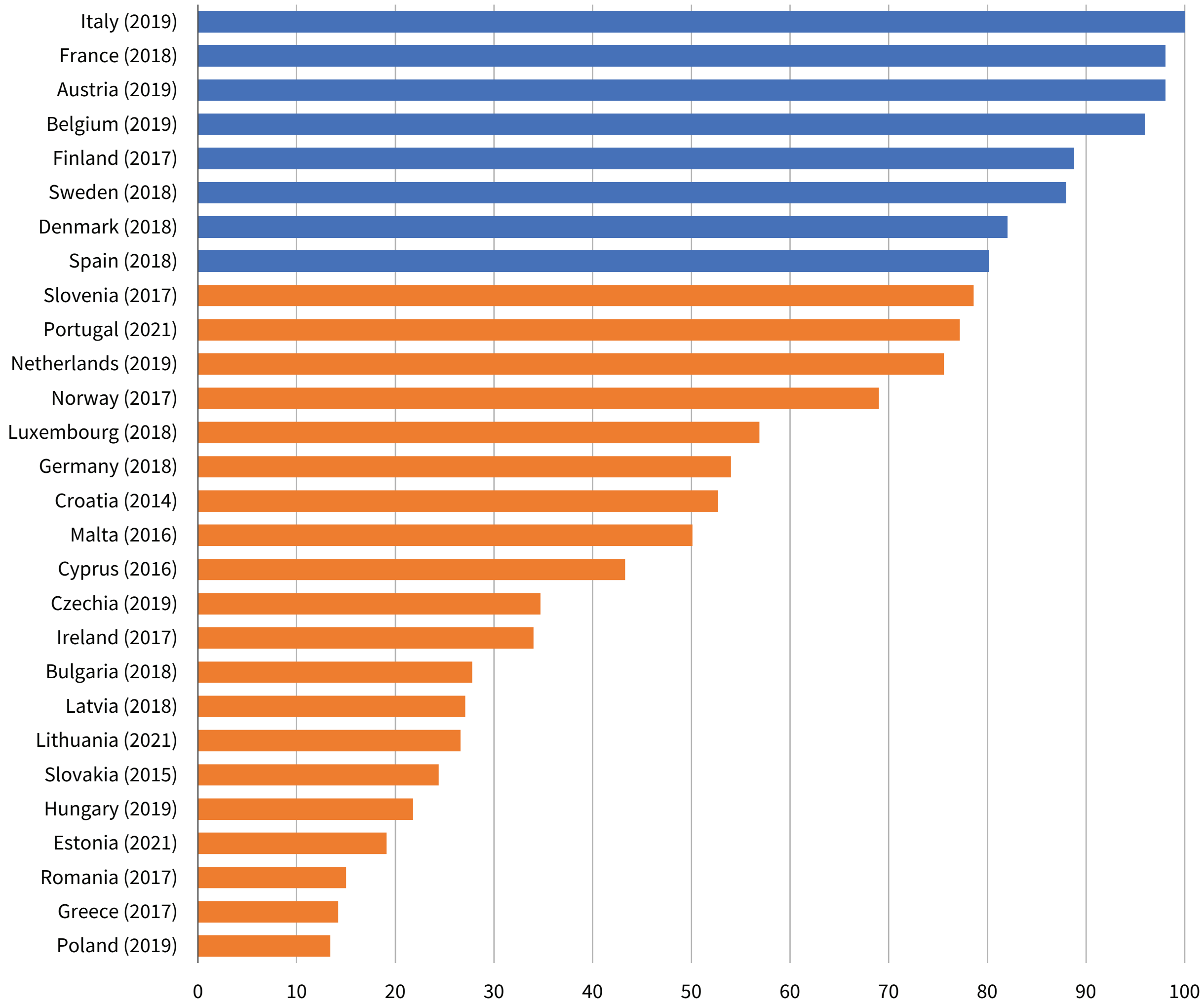
Article 4 of the Minimum Wage Directive – in brief – requires Member States to promote collective bargaining on wage setting. This can be done by promoting the capacity of social partners to engage in collective bargaining, by encouraging negotiations on wages on an equal footing or by protecting the exercise of the right to wage bargaining and workers and unions from discrimination if they engage in wage bargaining. Member States with a collective bargaining coverage below 80% should provide for a framework of enabling conditions for collective bargaining. Figure 20 shows the latest data on collective bargaining coverage rates in the EU and Norway. Based on these data, more than two-thirds of the countries are below the 80% threshold and are therefore required to establish action plans with clear timelines and concrete measures to promote collective bargaining.

In several countries, collective bargaining coverage is high, estimated to be at or over the 80% threshold mentioned in the directive, and therefore the requirement to establish action plans is not applicable. This includes Austria, Belgium, Denmark, Finland, France, Italy, Spain and Sweden. Other countries have a bargaining coverage that is close to this threshold (Slovenia, Portugal and the Netherlands). All of these countries – without exception – deploy sector-level bargaining as the predominant method of collective bargaining (which does not exclude that, in several of them, company-level bargaining may also be an interlinked second tier, where wages are set and topped up; see Eurofound, 2020a, 2020b. Apart from the predominance of sector-level bargaining, the high bargaining coverage in these countries is also achieved by:

- the widespread use of legal extension mechanisms of agreements to also cover companies which are not affiliated to the signatory organisation (in Belgium, France, Portugal and Spain)
- high degrees of organisation among unions and employers (in Denmark, Italy and Sweden)
- some functional equivalents, such as the compulsory membership of private sector companies in the Austrian federal economic chamber WKO, which bargains collectively, or (albeit to a different degree) the constitutional right of Italian workers to fair remuneration (Article 36), which judges have interpreted for individuals by referring to the pay rates in the largest collective agreements

In contrast, in other countries with a lower coverage there are mixed approaches (alternating between sector and company levels) or there is a unique focus on company-level bargaining.

Figure 20: Collective bargaining coverage rates in the EU Member States and Norway, latest available data, various years



Note: *Data refer to adjusted collective bargaining coverage rates: number of employees covered by any collective agreement in force as a proportion of the number of eligible employees (the total number of employees minus the number of employees legally excluded from the right to collectively bargain).*
Source: *OECD/Amsterdam Institute for Advanced Labour Studies, Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts database, version 1.1 (September 2023)*

Nevertheless, questions around the efficient functioning of collective (wage) bargaining can also be an issue in countries with a high bargaining coverage, as examples from some of these countries show. This includes the ongoing debates on the reform of the Belgian wage norm, the efficient and dynamic updating of collectively agreed wage rates in low-paid sectors (for instance, in France and Italy), the Italian recurring issue of collective agreements setting lower rates of pay, which may undercut the pay rates set in larger agreements, and the non-regulation of the representativeness of social partners.

Concrete actions – including legislative measures at the stage of proposals – to promote collective bargaining coverage were only detected in a small number of countries, including the following.

- Czechia, where the proposed amendment to the Labour Code includes several measures.
- Portugal, where tripartite agreements from 2022 and 2023 aim to dynamise the application of collective agreements and higher wages by providing incentives to employers.
- Romania, in which collective bargaining coverage was greatly affected and diminished by a reform of representativeness criteria for social partners within the Social Dialogue Law of 2011 (No. 62/2011). The new Law on Social Dialogue (Law 367/2022) came into force in January 2023, which in part aims to increase the collective bargaining coverage. The main changes in this sense are the facilitation of sectoral collective bargaining and the reintroduction of the possibility of having a national collective bargaining agreement.

Table 10 provides an overview of the concrete regulatory measures implemented in these countries.

Table 10: Overview of concrete regulatory measures to promote collective bargaining

Country	Proposed or agreed changes to regulations
Czechia	The following are proposed in the draft law amending Act No. 262/2006 Coll., the Labour Code, as amended, and other related laws. • To set up a procedure that will lead to the removal of the blockage of collective bargaining by small trade unions in the situation of several trade unions operating within a company. Currently, according to Section 24 of the Labour Code, if more than one trade union is active at the employer, the employer must negotiate the conclusion of a collective agreement with all the relevant trade unions. • To remove or change some exceptions for certain groups of employers listed in Section 7a of the Act on Collective Bargaining, which exclude the possibility of applying the extended collective agreement in the relevant sector for these employers. Currently, these are employers with fewer than 20 employees, employers for which another collective agreement of a higher level is binding and employers for which bankruptcy has been declared. • To provide a state contribution to social partners that bargain collectively at sector level, which also aims to increase the coverage of collective agreements. It is expected that, with the help of this contribution (useful for members of negotiation teams and experts), there will be an increase in both the number of negotiated higher-level collective agreements and the number of extended contracts.
Portugal	In the context of tripartite concertation, the Medium-Term Agreement for Improving Income, Wages and Competitiveness, signed on 9 October 2022 (CES, 2022), and the Reinforcing the Medium-Term Agreement for Improving Income, Wages and Competitiveness, signed on 7 October 2023 (CES, 2023), proposed tax incentives for employers complying with general wage increase benchmarks for 2023 and 2024 in combination with the collective bargaining. In line with the 2022 tripartite agreement, Law 24-D/2022 of 30 December 2022 provided for an increase to 50% of employers' tax deductions in return for salary increases for companies complying with at least one of the following conditions: dynamic collective bargaining – that is, having signed or renewed collective agreements within the last three years; annually increased wages in line with or above the general increase foreseen in the tripartite agreement (5.1% for 2023) and above the mandatory minimum wage; and a reduced gap between the 10% higher-paid jobs and the 10% low-paid ones (PT-2022-42/3007). The 2023 tripartite agreement reformulated the measure extending access to the fiscal benefits to companies increasing remuneration by at least 5%, even when collective agreements that regulate their wages (signed within the last three years) set increases below that level. The agreement also considered the wages of corporate bodies that were previously excluded and included companies covered by extension ordinances (of collective agreements). On the other hand, Law 13/2023 of 3 April amending the Labour Code and related legislation in line with the framework of the Decent Work Agenda includes measures that might increase the coverage of collective bargaining. First, it states that, in order to promote collective bargaining so that collective agreements are applicable to the largest number of workers and employers (Article 485, paragraph 1), the state considers incentives to improve collective bargaining within the scope of its specific policies, namely through measures that favour companies signing recently concluded and/or revised collective agreements, in the context of access to public support or financing, including EU funds when relevant, or in the context of public procurement procedures and fiscal incentives (paragraph 2); for this purpose, a collective agreement must have been signed or renewed within the last three years (paragraph 3).
Romania	A new Law of Social Dialogue (Law 367/2022) came into force in January 2023, which in part aims to increase the collective bargaining coverage. The main changes in this sense are the facilitation of sectoral collective bargaining and the reintroduction of the possibility of having a national collective bargaining agreement. Among other provisions, the law includes the following. • It makes it easier for employees in smaller companies to set up trade unions, by reducing the thresholds of numbers of employees. • The trade union representativeness criteria at company level were reduced from 50% to 35% of the total number of the company's employees. • At sector level, the representativeness threshold for trade unions was reduced from 7% to 5%. Romania already had legislation on mandatory collective negotiations for companies with 21 or more employees (Law 62/2011), and this has now been made mandatory for smaller companies with at least 10 employees. The new law also makes collective bargaining at sector level compulsory, at the initiative of either side of industry, as opposed to the previous legal provision, which reserved this right for the employer only. Failure to initiate such bargaining constitutes an administrative offence that may trigger a fine of up to RON 20,000 (around €4,000). The maximum time period for collective bargaining has been reduced from 60 days to 45 days; the parties continue to have the option of prolonging such a period upon agreement. More details are provided in Stoiciu and Voicu (2023) and Eurofound (forthcoming).

Source: *Authors' own elaboration based on national contributions*

In the majority of Member States in which collective bargaining coverage is lower, the requirement of the directive to promote such coverage and develop action plans is on the radar of the concerned actors – the social partners and governments – but there is not much concrete action or planned action in the public debate going beyond opinion statements or ideas on how this could be done. Preparatory work in the ministries or tripartite bodies is known to be under way in several countries at the time of writing, with plans to submit proposed changes of regulations to the parliaments and/or discuss them with the social partners.

A more advanced case is Ireland, where in 2021 the government set up the High-Level Working Group on Collective Bargaining within the tripartite Labour

Employer Economic Forum (LEEF). The group was tasked with facilitating the examination of the adequacy of the workplace relations framework in supporting the conduct and determination of pay and conditions of employment. The group published its final report with recommendations for collective bargaining in October 2022, in which it stated that it was mindful of and has undertaken its work in the context of some of the Minimum Wage Directive's legal obligations (LEEF, 2022). See Table 11 for further examples of how collective bargaining can be promoted.

Table 11: Preliminary ideas on how collective bargaining can be promoted

Country	Ideas for promoting collective bargaining
Bulgaria	The Economic and Social Council (ESC, 2023) independently drafted an opinion entitled 'Approaches for the development of an action plan to promote collective bargaining in Bulgaria', which advocates for the action plan. It asserts that legislative measures should not be permitted if they undermine the essence and principles of collective bargaining and posits that the existing legal framework in the Labour Code, which initially stimulated collective bargaining, presently serves a limited role. It contends that the system governing collective bargaining norms should facilitate broader negotiation possibilities. This includes addressing both non-legal and legal disputes arising from the establishment and execution of collective agreements, particularly concerning their resolution within the collective bargaining sphere. The current definition of collective labour disputes, outlined in the 1990 Law on the Settlement of Collective Labour Disputes, is considered incomplete and not aligned with established practices. The opinion lists a wide range of recommendations to facilitate the process of collective bargaining. The measures are directed towards changes in the existing legal norms governing collective bargaining that should be undertaken in order to liberalise bargaining opportunities, including through the principle of 'everything that is not prohibited is allowed', both at enterprise level and at sector level, and by the means of new legal regulations to settle the unresolved issues regarding the ratio and the possibilities for negotiations at enterprise and sector levels. It is proposed to explicitly regulate the possibility of negotiation at national level on fundamental issues related to collective bargaining and on other issues within the scope of collective bargaining and the competence of the social partners. The opinion also recommends creating an environment and conditions for strengthening sectoral collective bargaining through the normative settlement of the situation of the various forms of negotiation processes between the social partners (including collective bargaining at sectoral/branch level and negotiations at national level), and gradually creating prerequisites and conditions for the digitalisation of the processes related to the negotiation and conclusion of the contracts and their implementation.
Germany	Regarding the promotion of collective bargaining, the government announced in its 2021 coalition agreement that it would develop further steps to strengthen collective bargaining coverage and discuss possibilities for further experimental areas in dialogue with the social partners (Social Democratic Party et al, 2021, p. 56) (see Box 10 on 'public procurement procedures').
Hungary	Point 4 of the 2024 agreement on statutory minimum wages suggests that: *The parties are committed to pushing for collective bargaining and thus to substantially increase collective bargaining coverage. To this end, they consider it necessary to* ***amend the rules on the extension of sectoral collective agreements*** *accordingly, which could form the basis for a future professional wage bargaining system in Hungary. The state plays an important role in the macro-level process of social dialogue, ensuring that pluralist actors have room to interact and that the compromises reached are properly enforced [emphasis added].*
Ireland	One potential way to transpose Article 4 of the Minimum Wage Directive could be through the October 2022 recommendations of the high-level group that operated under the auspices of the social partner Labour Employer Economic Forum. Two key recommendations include reforming the joint labour committee system and introducing a new 'good faith engagement' policy. Joint labour committees are typically formed in lower-paid sectors, such as contract cleaning and hotels. Up to now, if a member of a joint labour committee did not want an employment regulation order formed, they could abstain from the process thereby exercising a veto. The proposed reform would remove this veto power and allow the Labour Court to process an employment regulation order. This could widen the extent of collective bargaining into sectors that are currently not covered by wage orders. The 'good faith engagement' proposal is for non-union employers to be compelled to engage with (but not to bargain with) trade unions that have members in the relevant company but do not have a bargaining platform. The intent is that this could encourage employers to eventually form agreements, and thereby extend collective bargaining coverage. Both of these recommendations were forwarded to the Attorney General in 2023 for his opinion on whether a constitutional referendum might be required to legislate for the proposals. As of March 2024, the recommendations have not been acted upon. The Irish Business and Employers Confederation (Ibec) maintains that Article 4 of the directive can be transposed in Ireland without the need for new or significantly amended legislation. The Irish Congress of Trade Unions (ICTU), maintains that the high-level group's recommendations are a separate process to transposing Article 4, and other legislative measures will be required (Industrial Relations News, 2022, 2024).
Latvia	At the time of data collection (January 2024), the concrete action plan on how to achieve a higher collective bargaining coverage had not been prepared. However, some ideas on how to promote collective bargaining had been developed by the specialists of the Ministry of Welfare, possibly to be adopted in the National Tripartite Cooperation Council. Based on consultation with a representative from the ministry, it is considered that the plan could include the following items: legislative changes; collection of statistical data on collective agreements and their scope; informing society about collective agreements and the advantages of concluding them (through informative and educational events); the possible promotion of the capacity of social partners; and the provision of 'intangible support' by state administrative institutions (consultation, mediation, and so on). The elaboration of the plan and proposed ideas will continue in 2024 in cooperation with the social partners.
Malta	The Voice of the Workers (UĦM) union proposed mandatory trade union membership for low-income workers, likening it to other legal obligations such as motor insurance. Additionally, it suggested that individuals benefiting from a collective agreement but choosing not to join a union should contribute financially to a fund that supports trade unions, addressing the issue of free-riders. The General Workers' Union (GWU), in its proposals for the 2024 budget, has also called for automatic trade union membership to address certain grievances in the workplace.

Source: *Authors' own elaboration based on national contributions*

Box 10: Public procurement procedures (Article 9) and collective bargaining: Changes considered in the context of the Minimum Wage Directive

Article 9 of the directive states that Member States shall:

> *take appropriate measures to ensure that, in the awarding and performance of public procurement or concession contracts, economic operators and their subcontractors comply with the applicable obligations regarding wages, the right to organise and collective bargaining on wage-setting.*

In Hungary, companies that do not meet the requirements of orderly labour relations (including the payment of a minimum wage) cannot receive state support and cannot bid for public procurement (CXCV Law on the State Budget (Article 50.1(a)) of 2011). The right to organise and collective bargaining are not included in the law. However, point 4 of the 2024 Minimum Wage Agreement states that the 'Parties are committed to promoting collective bargaining and collective agreements'. During the negotiations, it was suggested that such an incentive could be to link participation in public procurement to collective bargaining (above a certain company size). However, this has not yet been elaborated on and requires further exploration.

In Germany, the government announced some initiatives in its 2021 coalition agreement. The federal government's public procurement shall become subject to compliance with a representative collective agreement for the respective industry. The avoidance of collective bargaining by creating spin-offs of a company with the same owner shall be blocked by ensuring that the applicable collective agreement continues to apply. The government also announced that it would develop further steps to strengthen collective bargaining coverage and, in particular, discuss possibilities for further experimental areas in dialogue with the social partners (Social Democratic Party et al, 2021, p. 65).

At the end of 2023, a legal proposal for a Federal Collective Bargaining Compliance Law was internally discussed within the Ministry of Employment and Social Affairs, with the discussion led by Minister Hubertus Heil (Social Democratic Party). A public consultation had already taken place by the end of 2022. While the trade unions have emphatically welcomed the proposal to tie public procurement to compliance with standards laid down by collective agreements, the employers' side is not united on the issue. While, for example, the employers of the metal industry strictly opposed the proposal (Gesamtmetall, 2022), the employer federations of the construction industry support the approach (ZDB, 2022). However, the official proposal for a draft law has been delayed, recently due to the judgment of the Federal Constitutional Court that ruled the €60 billion Energy and Climate Fund unconstitutional. The ruling was unexpected for the government, which now must fill the financial gap. In the meantime, almost all projects with relevance to public spending have been put on hold (Bundesverfassungsgericht, 2023).

An analysis of the advanced and voiced measures shows that they are heterogeneous and proposed or made in the context of reforming aspects of the current legislation. They are responding to country-specific issues that hamper collective bargaining, and most do not seem easily transferable to other countries.

Another article in the directive – Article 9, on public procurement – is closely related to collective bargaining. The results of the mapping exercise showed that, in the context of this article, limited considerations to changes were noted. The most noteworthy legislative change was made in **Portugal** (see information above in Table 10 on Law 13/2023), which made the inclusion of companies in public procurement contingent on having recently signed collective agreements. The other reported cases are **Germany** and **Hungary**, where changes to the laws are at the stage of debate (see Box 10 for more information).

Changes regarding further articles

The mapping also asked whether there were any envisaged changes regarding further articles contained in the directive, including Articles 6 (rules on variations and deductions), 8 (effective access of workers to statutory minimum wages) and 12 (right to redress and protection against adverse treatment or consequences). According to the information obtained via the national correspondents, hardly any such changes are envisaged, often because the current regulations were considered sufficient and in line with the directive, legal assessments were ongoing or the information was not available to the correspondents.

Regarding enforcement mechanisms, **Belgium** reported on plans to increase the number of social inspectors, which has been an issue for years and was planned by the government declaration of 30 September 2020 (Advice 2326 of the National Labour Council of 16 November 2022). However, there is no direct link to the Minimum Wage Directive. In **Luxembourg**, the Inspectorate of Labour and Mines, which is in charge of monitoring compliance, increased its number of inspectors so as to significantly better monitor all the rules. From 29 labour inspectors doing ground work in 2019, there were 69 in 2021 and 86 in 2022 (out of 112 inspectors in total). This is particularly attributable to the extensive reform of the inspectorate launched in 2015. As a result, the number of inspections increased from 5,682 in 2019 to over 10,000 in 2020, 2021 and 2022, when there were 10,072 (ITM, 2023). **Croatia** amended its Act on the Minimum Wage (Zakon o izmjenama i dopuni Zakona o minimalnoj plaći, OG 120/21) in 2021 to strengthen compliance with the act, with better specification and increase of fines for non-compliance with the legal regulation, and expanding the number of offences.

5 Latest research on minimum wages in the EU and Norway

This chapter provides an overview of policy-relevant research on minimum wages pertaining to EU Member States and Norway published in 2023. It aims primarily to provide an update on the latest body of research related to the economic and social outcomes of minimum wage policies. Contributions that are focused on the role of minimum wages vis-à-vis the recent extraordinary inflationary pressure are also reviewed, as are those summarising the political debate around minimum wages and industrial relations systems.

Given the complexity of the topic and the number of studies published in 2023 across EU Member States, only articles identified by the authors through desk research or provided by the Network of Eurofound Correspondents to which full access was available were preselected. The final selection, based on the pertinence of the contribution to the topic of minimum wages, consists of 64 articles in total, classified by theme and country of reference, as documented in Table 12 and outlined in the following thematic paragraphs.

Table 12: Overview of the latest research on minimum wages in the EU

Labour market and productivity	
Employment and unemployment	**Not country specific**: Black et al, 2023; Jiménez Martínez and Jiménez Martínez, 2023; Medrano-Adán and Salas-Fumás, 2023; vom Berge and Umkehrer, 2023; **Germany**: Arabzadeh et al, 2023; Caliendo et al, 2023; Haelbig et al, 2023; Linckh et al, 2023; Margolis and Saldarriaga, 2023; Mindestlohnkommission, 2023; **Poland**: Majchrowska and Strawiński, 2023; **Spain**: Arranz et al, 2023; Hijzen et al, 2023; **Sweden**: Bustos, 2023
Wages and distribution of wages	**France**: Groupe d'Experts, 2023; **Germany**: Arabzadeh et al, 2023; Dütsch et al, 2023; Haelbig et al, 2023; Mindestlohnkommission, 2023; **Portugal**: Oliveira, 2023; **Spain**: Hijzen et al, 2023; **Sweden**: Bustos, 2023
Working hours	**Not country specific**: vom Berge and Umkehrer, 2023; **Germany**: Mindestlohnkommission, 2023; **Ireland**: Devereux and Studnicka, 2023a, 2023b; Redmond and McGuinness, 2023; Redmond et al, 2023
Productivity	**Not country specific**: Medrano-Adán and Salas-Fumás, 2023; **Germany**: Arabzadeh et al, 2023; Haelbig et al, 2023; Mindestlohnkommission, 2023
Social outcomes	
Income inequality	**Not country specific**: Filauro et al, 2023; Medrano-Adán and Salas-Fumás, 2023; Pedersen, 2023; **France**: Bozio et al, 2023; Godechot et al, 2023; **Germany**: Ostermann and Wolf, 2023; **Portugal**: Oliveira, 2023
Low-pay and in-work poverty	**Not country specific**: Besamusca et al, 2023; Pedersen and Picot, 2023; Täht et al, 2023; **Finland**: Kauhanen, 2023; **France**: Groupe d'Experts, 2023; **Germany**: Lesch and Schröder, 2023; **Italy**: ADAPT, 2023; Ballistreri, 2023; Bavaro and Raitano, 2023; Raitano, 2023; **Luxembourg**: Chambre des salariés, 2023; **Netherlands**: Geppert and Muns, 2023; **Norway**: Dapi and Svarstad, 2023; Grini et al, 2023; Svarstad, 2023
Gender pay gap and gender inequality	**Germany**: Di Nola et al, 2023; García-Morán et al, 2023; Schmid, 2023; **Ireland**: Redmond and McGuinness, 2023; **Portugal**: Oliveira, 2023
Statutory minimum wage and collective bargaining	
Not country specific: Besamusca et al, 2023; Herzog-Stein et al, 2023; **Czechia** and **Slovakia**: Kahancová and Staroňová, 2023; **Germany**: Bispinck et al, 2023; Fulda et al, 2023; **Italy**: Garnero and Leonardi, 2023	
Inflation	
Not country specific: Castle et al, 2023; De Spiegelaere, 2023; Eurofound, 2023b, 2023c; Lübker and Schulten, 2023; **Germany**: Lesch and Schröder, 2023; **Italy**: Brollo, 2023; **Netherlands**: Armendariz and Myrvoda, 2023; **Romania**: Vlad, 2023	
Minimum wages in the political debate	
Not country specific: Cova, 2023; **Germany**: Jungkunz et al, 2023; Mabbett, 2023; **Hungary** and **Poland**: Naczyk and Eihmanis, 2023; **Netherlands**: Voncken and Otjes, 2023	
Non-compliance and enforcement	
Not country specific: Eurofound, 2023d; **Germany**: Goerke and Pannenberg, 2023; **Latvia**: Gavoille and Zasova, 2023	

Source: *Authors' own elaboration*

Before delving into a more detailed review, three premises on policy-oriented research trends are worth making. First, as observed in previous years, there continues to be a concentration of publications in some EU Member States, coupled with a scarcity of policy-relevant research in other countries. This might constitute evidence of greater interest in and resources being allocated to the issue in some countries, often due to recent or ongoing reforms or renewed public interest causing the topic to resonate in some countries more than in others. Second, labour market outcomes continue to be (in connection with last year's observations) among the most widely investigated by researchers. However, a growing number of studies related to the social outcomes of minimum wage policies were detected in 2023 (based not only on the selected subset of articles, but more generally on the whole body of research identified). There is a clear, albeit far from absolute, shift of attention from strictly economic outcomes to broader socially oriented results, with in-work poverty, income inequality and gender equality acquiring a special relevance in the debate. Third, a tendency detected in an appreciable number of articles is the shift in focus from the investigation of single well-defined outcomes to more holistic assessments of minimum wage policies. This third finding points towards an increasing awareness of the intertwined nature of economic, social and political features connected to the minimum wage.

Employment effects and impacts on wages, working hours and productivity

The most widely researched effects of minimum wage policies are those related to labour market indicators (especially employment and unemployment), wages and their distribution, working time and productivity. These themes constitute, together, the economics-oriented (as opposite to social-oriented) outcomes, on which a considerable number of new empirical studies were added to the literature in 2023.

A set of articles that challenge the commonly reported empirical finding, according to which minimum wage policies do not have a significant or substantive effect on employment, was identified in 2023. The reasons for challenging this result are highlighted from different perspectives.

- While significant evidence of minimum wages adversely affecting overall employment might not be found when considering stock data on changes in employment, some research shows that, if employment flows (hirings and separations) are considered, minimum wage policies are likely to have a larger impact on labour market outcomes (Bustos, 2023; Jiménez Martínez and Jiménez Martínez, 2023).
- The level of the Kaitz index (minimum-to-average wage ratio) was found to be a potentially important factor in identifying minimum wage effects on employment. This highlights the importance of reporting the levels of the Kaitz index, on which the minimum wage changes are evaluated, and suggests why some studies might fail to find employment effects (Medrano-Adán and Salas-Fumás, 2023).
- Overall economic characteristics of a country, region or industry were found to be relevant aspects in the assessment of the impact of minimum wages on employment, as were firms' characteristics. For instance, in **Poland**, negative employment effects were observed to be more likely in segments characterised by a larger proportion of workers in the private sector, by industries for which it is more difficult to increase prices of the goods or services produced and by small firms. Conversely, a positive employment effect was found to be more likely in segments with a high share of workers in the public sector and in large enterprises. The two different labour market segments coexist within given regions in Poland, which explains why empirical analyses at regional level have often resulted in insignificant values for the effect of minimum wages on employment (Majchrowska and Strawiński, 2023). In **Germany**, a greater tendency towards a reduction of employment or of employment growth was found in low-paying firms and in firms with a higher minimum wage bite (Arabzadeh et al, 2023; Haelbig et al, 2023).

Findings related to the **German** introduction of the statutory minimum wage or its subsequent adjustments (particularly the large increase in October 2022) include a rather small negative effect on dependent employment of the 2015 statutory minimum wage introduction, coupled with a decreasing trend of the impact and with the observation that the negative effect was found to be completely attributable to marginal employment (Caliendo et al, 2023). However, a negative impact on the likelihood of transitioning from a fixed-term contract to an open-ended contract for workers initially earning below the minimum wage introduced in 2015 was found (Margolis and Saldarriaga, 2023), while evidence of the minimum wage reducing the practice of having a secondary job – usually to make ends meet ('moonlighting') – was not detected (vom Berge and Umkehrer, 2023). Other findings include a significant reduction in the prevalence of minimum wage employment and a slight increase in low-wage (defined as work remunerated below two-thirds of the median wage) prevalence, coupled with the findings that, although current research points to the significance of individual determinants in explaining low wages, company and sectoral framework conditions determine different employment opportunities and individual wage levels (Dütsch et al, 2023); negative employment effects of minimum wage increases were found for underage apprentices (Linckh et al, 2023). Given the close relationship between apprenticeships and training, these findings align with those related to the effect of minimum wages on company training (Black et al, 2023). Finally, positive spillover effects on wages – mostly due to statutory minimum wages influencing collective bargaining – were also detected (Bispinck et al, 2023; Fulda et al, 2023; Herzog-Stein et al, 2023). For the most comprehensive literature review (also referring to recent literature published in previous years) and econometric results referring to Germany, the fourth impact report of the Minimum Wage Commission provides an extremely comprehensive overview of minimum wage impacts on wages, employment, unemployment and working hours, together with further findings on compliance, enforcement, social security, training, etc. (Mindestlohnkommission, 2023).

While the German statutory minimum wage introduction and its adjustments still represented the most researched instance in 2023, another commonly investigated reform was the 2019 one in **Spain**. No overall adverse short-term effects on the probability of affected workers remaining in employment was detected (Arranz et al, 2023), and, among directly concerned workers, full-time equivalent monthly earnings increased by 5.8% on average while employment reduced by only 0.6% (modest spillover effects on higher-wage workers earning up to the 25th percentile of the wage distribution were identified) (Hijzen et al, 2023).

The effect of minimum wage changes on working hours was one of the main focuses of attention in some countries, above all in **Ireland**, where several papers addressed the topic in 2023. The main findings showed that the successive hikes in the minimum wage increased hours for minimum wage earners up to 2018 in ‘concentrated labour markets’ (in which a small number of employers dominate employment). This effect was not observed among those employed in non-concentrated local labour markets or among non-minimum-wage earners in concentrated labour markets, while – in line with classical monopsony theory – the 2019 minimum wage hike caused no further increase in hours, with negative (albeit statistically insignificant) estimates in some cases (Devereux and Studnicka, 2023a, 2023b). A decline in hours worked was detected (with some degree of heterogeneity by sector or gender), but results showed that the scale of the minimum wage increase was sufficient to offset negative financial effects due to the reduction in hours worked (Redmond and McGuinness, 2023). Finally, a preference of working more hours than those actually worked, coupled with the incidence of involuntary part-time work, was observed more often among minimum wage earners than among other workers (Redmond et al, 2023).

Results that are more focused on the impacts of minimum wages on the wage structure include the following. A **Portuguese** study detected a negative correlation between minimum wage increases and wage inequality. This was found to be mostly driven by spillover effects, confirming that workers’ wages did not simply accumulate at the new minimum and that spillovers generated wage gains up until the 54th percentile of the distribution (Oliveira, 2023). Likewise in **France**, spillover effects up to higher wages were found particularly through influence of the statutory minimum wage development on collective bargaining. Despite the spillover effect, the impact diminishes as wages increase: overall, between the third quarter of 2021 and the third quarter of 2023, the minimum wages closest to the statutory minimum (less than 120% of the minimum wage) experienced a cumulative increase of around 11%, compared with 7–8% for minimum wages further away (greater than 120% of the minimum wage), leading to a compression of the overall wage distribution, an opposite trend to that identified in previous years (Groupe d’Experts, 2023).

A comprehensive analysis of minimum wage effects encompassing employment, wages, productivity and profitability, as well as the role of social partners, was published for **Sweden**. Its results show statistically significant positive effects of large, centralised wage increases (specifically, those related to the 2004 nationwide bargaining round) on average wages and growth of employment and sales, coupled with negative effects on profitability. The difference-in-differences analysis further confirms a positive effect of unions on wages. A substitution effect (from low-skilled to high-skilled labour) was also detected, as was a stronger employment effect in companies with higher market power (both in the product market and the labour market). The finding of an increase in sales and added value could suggest a positive impact of unions and minimum wages on productivity. The conclusive finding of a decrease in profitability confirms the general assumption that trade unions and higher minimum wages are associated with lower profits (Bustos, 2023).

Social outcomes

Traditional research studying the impact of minimum wages on overall wages, employment and working hours was typically carried out to examine and evaluate unintended effects of implementing the policy. With the Minimum Wage Directive, the EU (and national) policy aims are, however, shifting, and minimum wage policies may be increasingly centred around social outcomes. The Minimum Wage Directive (2022/2041) refers to social justice, poverty, in-work poverty, inequality, the fight against social exclusion and improvement of living and working conditions among its main goals. The interest in such social outcomes is particularly evident in the research published in 2023. A summary of findings of these studies is provided below.

- Higher minimum wages have the potential to make the distribution of income between EU households slightly more equal, as confirmed by a Euromod simulation referring to EU Member States (Filauro et al, 2023).
- To tackle income inequality, better results are achieved by coupling minimum wage policies with fiscal policies, as confirmed by **French** studies (Bozio et al, 2023; Godechot et al, 2023).
- Wage equality is promoted by a system relying on either high collective bargaining coverage or a high minimum wage. In contrast, low minimum wages alone are the least efficient way to address wage inequality, even if coupled with public in-work benefits, according to the results of a comparative analysis of OECD countries (Pedersen, 2023; Pedersen and Picot, 2023), and collective bargaining was found to play a role in reducing the probability of earning low wages (Besamusca et al, 2023).
- Positive effects of minimum wages were found to reduce small-scale wage inequality within cities in a study focused on neighbourhoods in western and eastern **Germany** (Ostermann and Wolf, 2023).
- The closer the minimum wage is to the median wage level in a country, the less likely young working adults in these countries are to have difficulty in making ends meet, as highlighted by cross-national data drawn from EU-SILC (Täht et al, 2023).
- The effect of minimum wage policies on inequality might be influenced by the initial Kaitz index. Taking it into consideration helps explain why some studies might fail to find correlations between minimum wages and income inequality (Medrano-Adán and Salas-Fumás, 2023).
- Households with at least one member earning near the statutory minimum wage are still significantly more prone to wage poverty than other households, as results from the report published by the Chamber of Employees of **Luxembourg** show (Chambre des salariés, 2023).
- However, without neglecting the role played by minimum wages, fighting in-work poverty requires an overall strategy combining macroeconomic and structural elements with microinterventions at individual and household levels. This has been evidenced by research carried out by various institutes and researchers in various countries (ADAPT, 2023; Ballistreri, 2023; Bavaro and Raitano, 2023; Geppert and Muns, 2023; Groupe d'Experts, 2023; Lesch and Schröder, 2023; Raitano, 2023). It is relevant to note, however, that the role of the minimum wage as one of the tools to reduce in-work poverty is not challenged in this research. Instead, researchers tend to stress the importance of a holistic approach to effectively take into consideration all dimensions of poverty and more generally all socioeconomic and individual drivers of poverty.
- Low pay as a persistent status was also evidenced in reports on **Italy** (Bavaro and Raitano, 2023) and **Luxembourg** (Chambre des salariés, 2023).
- The degree of unionisation is one of the drivers of the reduction of low-pay incidence (Dapi and Svarstad, 2023; Grini et al, 2023). The importance of strong unions with substantial bargaining power was also confirmed at company level in the short term, in the context of bargaining decentralisation processes (Kauhanen, 2023; Svarstad, 2023). Results on the role of unionisation in social outcomes were commonly identified in research from countries relying on a stronger role of social partners in wage setting, namely **Norway** and **Sweden**.
- Minimum wage policies were found to reduce female non-employment and the gender pay gap (Di Nola et al, 2023; Oliveira, 2023; Schmid, 2023). It is highlighted that, although it was set up as a gender-neutral instrument, the minimum wage has indirectly affected women and men differently, both in terms of employment (García-Morán et al, 2023) and in terms of working hours (Redmond and McGuinness, 2023).

National minimum wages and collective bargaining

The relationship between national (statutory) minimum wages and collective bargaining was the subject of interesting research, which has primarily pointed out the possibility of the coexistence of statutory minimum wages and collective bargaining, suggested by several examples in EU Member States. In the context of the minimum wage debate in **Italy**, for instance, it has been stressed that ultimately the effectiveness of such coexistence depends on the design of the instruments and the chosen minimum wage threshold, considering its impact on major collective agreements and on the wage distribution (Garnero and Leonardi, 2023). According to a study focused on **Germany**, collective bargaining was not made superfluous by recent minimum wage policies, but rather it supported weakly organised collective bargaining parties (Herzog-Stein et al, 2023). Collective bargaining parties, in almost all industries examined by a further German study, have managed to adjust collective agreements accordingly, without overall negative impacts on the willingness of social partners to conclude and renew collective agreements (Bispinck et al, 2023; Fulda et al, 2023). Relations between statutory minimum wages and collectively agreed wage floors were finally identified in a paper investigating the export sector as a potential driver of public sector wage setting in **Czechia** and **Slovakia**. No such direct influence was observed, but an indirect link was identified due to the strong role of the statutory minimum wage, which serves as a wage benchmark both for the export sector and for public sector wage setting: the industry associations organising the key export players are, in both countries, very active in the statutory minimum wage debate, strongly influencing its level. In turn, the statutory minimum wage is crucial for public sector wage setting as some wages and bonuses in the public sector are tied to it and because, in both countries, the lowest wage floors of public sector jobs continuously remain below the statutory minimum wage (Kahancová and Staroňová, 2023).

Inflationary developments and wage–price spirals

How changes in prices affect (minimum) wages – and vice versa – is a commonly asked research question. In the context of the recent high inflationary developments, renewed interest in indexation mechanisms has been observed, together with an expansion in the number of experiments and innovative collective bargaining solutions, with unions in some countries attempting to make these systems more widespread across all collective agreements, while the practice is largely absent in a number of countries (De Spiegelaere, 2023). A diversity of practices but also some commonalities in the collective bargaining practices to tackle inflation were identified (Eurofound, 2023b). The main questions arising from considering the interrelations between minimum wages and inflation are provided below.

Have minimum wages across the EU managed to safeguard workers' purchasing power?

Findings of purchasing power decline or of purchasing power being just about compensated at the beginning of 2023 suggest that the all-time-high nominal increases in minimum wages in the EU will probably not translate into significant increases in real terms. Overall, wage-setting regimes did not make any major changes in their practices in light of the inflationary pressures. Instead, the role of policies targeting increasing energy prices and supporting net wages through changes in the rules regarding the taxation or the social security contributions of minimum wages were highlighted in fighting negative inflationary effects. It was also noted that untargeted energy support packages buttress aggregate demand and may add to further inflationary pressures (Eurofound, 2023c). In many OECD countries, recent and ongoing increases in minimum wages and welfare benefits, often as a result of inflation indexation, combined with the recent normalisation of energy prices, allowed governments to withdraw the exceptional (untargeted) support measures introduced in the wake of the crisis to improve targeted support for vulnerable households inadequately covered by the social protection system (Castle et al, 2023). A considerable variation in the real wage gains experienced by different countries, with some observing losses instead, was also highlighted in an analysis of the effects on real wages and inflation of the recent changes in minimum wage policies across the EU. While in some countries indexation clauses are incorporated in minimum wage policies, the overall real wage increase for the entire EU remains modest; moreover, inflation tends to have a disproportionate impact on low-income households, as they tend to allocate a larger portion of their budgets to items such as food and energy, which are more susceptible to price increases (Lübker and Schulten, 2023). Similar findings emerge from country-specific studies, for instance in **Italy** (Brollo, 2023), the **Netherlands** (Armendariz and Myrvoda, 2023) and **Romania** (Vlad, 2023).

Do minimum wage hikes risk triggering wage–price spirals, and thus do they contribute to fuel inflationary pressures?

Although concerns about minimum wage increases exacerbating inflation exist, the prevailing literature on this matter suggests that their direct impact on wage development and subsequent effects on inflation are relatively minor (Armendariz and Myrvoda, 2023; Eurofound, 2023b; Lübker and Schulten, 2023). However, a warning is given that these models may not accurately capture sector-specific variations in wage increases, which are stronger in some services sectors, such as hospitality and some economic services and parts of the food industry, being less exposed to international competition and potentially having the ability (and need) to pass on wage impulses more strongly. Although the calculated effects on inflation are modest compared with other inflationary factors (such as energy prices) a risk of second-round effects leading to a general wage–price spiral cannot be safely ruled out (Lesch and Schröder, 2023).

Minimum wages in the political debate

It is a common perception that the political salience of minimum wages might have been increasing in recent years. Findings of an increase in the weight of the minimum wage in European parties' manifestos in the last 25 years (Cova, 2023; Jungkunz et al, 2023) seem to confirm this perception. Furthermore, how minimum wage setting can be politically influenced was the object of a comparison of the interaction between minimum wage commissions in **Germany** and the UK and their respective governments, suggesting that the reasons why governments have recently overridden employers and unions to introduce higher rates than those proposed may be identified in differences in objectives, which hindered effective cooperation (Mabbett, 2023). Variation in minimum wage policy approaches between political parties in **Hungary** and **Poland** was found to stem from distinct, electorally motivated alliances with organised labour and organised business and the distinct compromises they have struck with those groups (Naczyk and Eihmanis, 2023). The role of political campaigns on minimum wages as a revitalisation strategy of trade unions was also considered in a comparison of trade unions' political strategies on the minimum wage in the **Netherlands** (Voncken and Otjes, 2023).

Non-compliance and enforcement

A study of minimum wage non-compliance showed variations in the degree of non-compliance, depending on the data source employed and the EU Member States considered. A positive correlation was found between the Kaitz index and non-compliance, suggesting that non-compliance is higher when the minimum wage is set higher vis-à-vis overall wages. Variations were also identified based on individual characteristics (higher prevalence among younger workers, less educated people, women and people on fixed-term or part-time contracts), firms' characteristics (higher prevalence in smaller firms) and sectors (services more affected than manufacturing). Enforcement takes on a central role in addressing non-compliance. It consists primarily of the activities of labour inspectorates and courts, with social partners playing a key role in Nordic countries' direct inspection, while offering guidance in others. A holistic approach involving deterrence, prevention and partnership culture has been shown to improve outcomes, and protection against adverse treatment resulting from complaints was identified as a priority in some countries (Eurofound, 2023d). The role of social partners in ensuring compliance may also be carried out through mechanisms of co-determination at workplace level, with evidence in **Germany** that employees in co-determined establishments face a lower risk of being paid less than the statutory minimum wage than comparable employees in workplaces without works councils; this suggests that mechanisms only indirectly impacting non-compliance might be useful tools, from a regulatory perspective, besides optimisation of law enforcement, for example through stricter legal regulations (Goerke and Pannenberg, 2023).

A clear difference in the employment response to a substantial minimum wage increase between tax-compliant and tax-evading firms in **Latvia** was documented both in the short term and (especially) in the medium term, as a result of which employment in affected compliant firms plummeted, whereas tax-evading firms remained resilient to the effects, with no significant employment effect for tax-evading firms after three years of the minimum wage hike, indicating that they absorbed the shock differently from compliant firms. When extending the period to five years after the hike, the negative employment elasticity with respect to the minimum wage remained much higher for compliant firms, supporting research models proposing that firms that pay envelope wages can accommodate a minimum wage increase, at least in part, by reducing the degree of their underreporting rather than by increasing their workers' net pay. Conversely, average wages sharply increased directly after the implementation of the new minimum wage levels, in parallel ways in the two groups, suggesting that tax-evading firms did not avoid the increase in labour costs differently from compliant firms. Raising the minimum wage thus contributes to the enforcement of tax policy and helps to increase the social protection coverage of workers, in addition to increasing the average wage (despite previous research providing evidence that affected workers can actually see a decrease in their total disposable income if the higher reported wage is due to a decrease in underreporting, leading to a larger share of their wages being taxed) (Gavoille and Zasova, 2023).

6 Conclusions

National minimum wages are overcoming the decline in real terms caused by the cost-of-living crisis. National minimum wage nominal rates for 2024 were substantially increased, almost to the same extent as in 2023. The main difference this year is how those nominal hikes translated into the change in real terms. While the findings are sensitive to how one defines the rate of inflation (and how minimum wages are measured), it is possible to say that the purchasing power of minimum wage earners has improved in most countries and significantly so in many cases, while higher inflation rates one year ago resulted in minimum wages in real terms remaining rather stable in most countries (and deteriorating or improving in some cases). These notable hikes in January 2024 mean a reversal of the deterioration in the purchasing power of minimum wage earners that occured in many countries between 2021 and 2023. When compared with January 2020, almost all countries now have higher national minimum wages in real terms, with the exceptions of France and Slovakia, where they remain at similar levels, and Czechia, the only country with a decline.

In countries without national minimum wages, the return to real minimum wage growth has started, but it is generally slower than in countries with minimum wages. Depending on the measure of inflation used, in two or three out of the six countries without national minimum wages (including Norway), collectively agreed wages for low-paid workers increased in real terms between January 2023 and January 2024. This year's increases, however, were not enough to fully compensate workers for the loss in purchasing power since the onset of the cost-of-living crisis.

Italy is one exception, as many collective agreements were not renewed or the rates not updated. In Sweden – with a dynamic bargaining round and the renewal of a large number of agreements – more moderate demands from unions led to lower nominal increases and some losses in purchasing power. In most countries with collectively agreed minima, higher increases for lower-paid workers were negotiated, thus alleviating the real losses for those at the bottom of the pay scales.

Minimum wage earners have more difficulties in making ends meet. An approximate assessment of whether minimum wage levels provide for a decent standard of living – as one dimension of adequacy – is carried out by observing the self-reported difficulties in making ends meet of minimum wage earners living in single-person households. A larger proportion of minimum wage earners are affected by such financial difficulties than their better-paid counterparts (28% compared with 14% for the cross-country average in the EU27). The notable cross-country disparities seem quite related to average income levels: the share of minimum wage earners in single-person households facing difficulties in making ends meet is highest (above 30%) among several countries characterised by relatively low income levels (EU13 and Mediterranean countries), while it is lowest (below 10%) among several higher-income countries from the EU15 aggregate. Data for 2022 capturing the early effects of the cost-of-living crisis reveal growing difficulties among minimum wage earners in adequately warming their homes in more than half of the countries. This impact would be larger among the most precarious households, but minimum wage earners are, in fact, underrepresented among the poorest households and are relatively more present in the middle to lower part of the income distribution (income deciles 2–6).

The transposition of the directive is under way. This annual review has sought to capture the current status of actions, debates and reflections in relation to how Member States are approaching the transposition of the Minimum Wage Directive. At the stage of gathering material for this report (December 2023 to January 2024) and during the drafting phase (January to early April 2024), this was a moving target. The report showed that most current activity and debate concerns Article 4 (collective bargaining coverage) and Article 5 (the criteria and processes guiding the setting of statutory minimum wage rates).

Advances have been made in the 'fairness' dimension, while the 'decent standard of living' is not really on the radar (yet). The Minimum Wage Directive aims to ensure that minimum wages are adequate. There are two dimensions of adequacy, as outlined in recital 28:

> *Minimum wages are considered to be adequate if they are fair in relation to the wage distribution in the relevant Member State and if they provide a decent standard of living for workers based on a full-time employment relationship.*

This annual review, based on the setting of rates for 2024, has shown that there is a notable advancement on the 'fairness' dimension, as an increasing number of countries are seeking to ensure that minimum wages are catching up with average or median wages. However, the implementation of the second dimension, to ensure a 'decent standard of living', was, in general, not found to be among the criteria used in the setting of the rates or present in the form of other assessments of the 'adequacy' dimension of minimum wages. This is not surprising as this dimension is more difficult to analyse and implement. Technically, it is straightforward to calculate the level of median and average wages (but a bit more difficult to forecast their future development), and it is relatively simple to discuss and negotiate the percentage to be applied in setting the minimum wage (without downplaying the inherent challenges in negotiations arising from the different interests of each side). However, the assessment of whether a minimum wage ensures a decent standard of living for a worker is more complex. It requires Member States to agree on a suitable approach to determine and measure the decent standard of living and to operationalise such an approach. What is regarded as 'decent' is a normative question, and is likely to be subject to different views and will need to be well discussed and agreed with different parties of interest, including, in particular, the social partners or affected workers. Basket-based approaches – as used in living wage concepts – are an option, as are surveys (of minimum wage workers). It can be expected that more will come of these approaches next year, when countries will be obliged to assess and ensure the adequacy of minimum wages.

Promoting collective bargaining coverage is a U-turn in policy. Compared with the previous financial and economic crisis, when the reforms of collective bargaining systems in many countries resulted in substantial declines in collective bargaining in some Member States, the Minimum Wage Directive, together with other EU policies, brings a change of policy, which can be considered a U-turn. However, (re)building such institutions can be harder than dismantling them. The reporting showed that only a few countries have concrete (legislative and other) actions on the table to date, while in some other countries initial ideas about how to promote collective bargaining (coverage) are being exchanged. An analysis of the advanced measures shows that they are all very heterogeneous and proposed or made in the context of reforming aspects of the current legislation. They respond to country-specific issues that hamper collective bargaining, and most do not seem easily transferable to other countries. A key principle in this context is the representativeness of the social partners engaged in collective bargaining, which ensures the legitimacy of bargaining outcomes when they apply to all workers and companies in a given sector, for example via extension.

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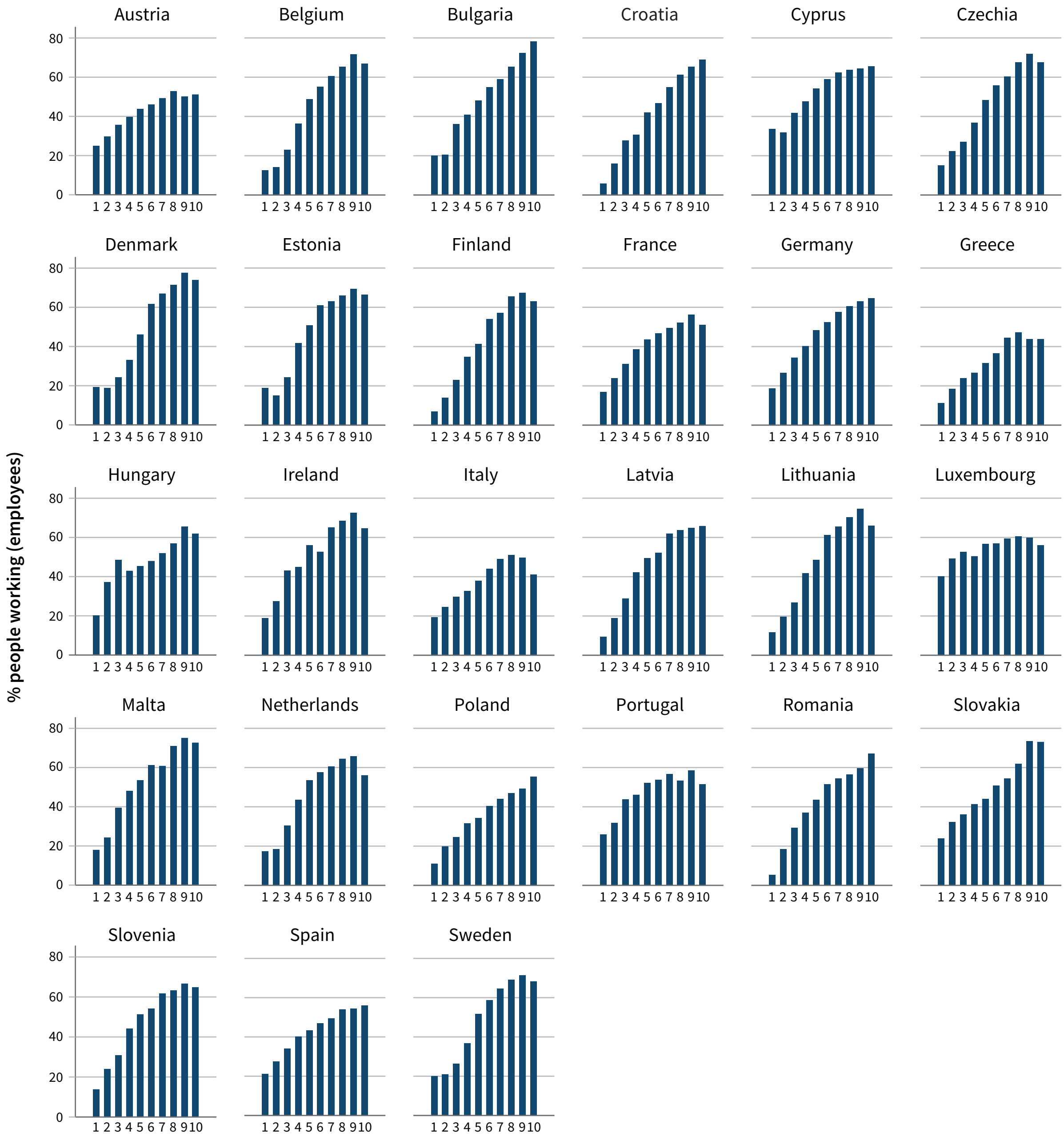
Annexes

Annex 1: Supplementary material

Minimum wage earners

Figure A1: Share of people working (employees) per income decile across countries (2022)



Note: *Data refer to the proportion of working people (employees) among all people found at each household disposable income decile.*
Source: *Eurofound based on EU-SILC, 2022 (income referring to 2021)*

Minimum wage setting for 2024

Table A1: Overview of regulations determining the 2024 rate(s) in countries with national minimum wages

Country	Legal source or similar regulation	Other sources
Belgium	CNT-NAR (Conseil National du Travail/Nationale Arbeidsraad) (2022), Collectieve Arbeidsovereenkomst	Databank Minimumlonen (2023)
Bulgaria	Decree of the Government No. 497/29.12.2022	Decree of the Government 193/12.10.2023 setting the minimum wage for the country as of 1 January 2024
Croatia	Uredba o visini minimalne plaće za 2024. godinu, OG 125/2023	Minimum Wage Law (OG 118/18, 120/21)
Cyprus	Minimum Wage Decree of 2023 (KDP 402/2023) Minimum Wage Decree of 2023 for the Accommodation Industry (KDP 268/2023)	–
Czechia	Government Regulation No. 396/2023 Coll. dated 13 December 2023	–
Estonia	Vabariigi Valitsuse määrus ‘Töötasu alammäära kehtestamine, adopted on 8 December 2023	Hea tahte 2024.-2027. aasta töötasu alammäära suuruse ja metoodika kohta. Tööandjate Keskliit ja Ametiühingute Keskliit
France	Arrêté du 26 avril 2023 relatif au relèvement du salaire minimum Décret n° 2023-1216 du 20 décembre 2023 portant relèvement du salaire minimum	INSEE (2023), Salaire minimum interprofessionnel de croissance (Smic), Données annuelles de 1980 à 2023, web page, 12 May
Germany	Bundesregierung (2023/1), Mindestlohnerhöhungsgesetz Bundesregierung (2022/2), Mindestlohnerhöhungsgesetz	Mindestlohnkommission (2023/3), Vierter Beschluss und Vierter Bericht Bundesregierung (2023), Vierte Mindestlohnanpassungsverordnung
Greece	Ministerial Decision No. 31986/2023 – Determination of the minimum wage and minimum daily wage for employees and workers throughout the country	–
Hungary	A Kormány 508/2023. (XI. 20.) Rendelete a kötelező legkisebb munkabér (minimálbér) és a garantált bérminimum megállapításáról (508/2023 (XI. 20)	–
Ireland	S.I. No. 497/2023 – National Minimum Wage Order 2023	Department of Enterprise, Trade and Employment (2023), National minimum wage increase on 1 January 2024, web page, 7 December
Latvia	Annual regulation of Cabinet Ministers on national minimum wage in 2024, adopted as Amendment to the regulations of the Cabinet of Ministers of 24 November 2015 No. 656 ‘Rules on the amount of the minimum monthly salary within normal working hours and the calculation of the minimum hourly rate’) (Regulation No. 657, adopted on 14 November 2023, valid from 1 January 2024)	Special norm of Transitional Provision No. 27 of the Labour Law, adopted by amendments on 27 October 2022, valid from 25 November 2022, which obliges the Cabinet of Ministers to determine in the annual regulations of the Cabinet of Ministers that the monthly minimum salary within the scope of regular working time is not less than €700 from 1 January 2024
Lithuania	Nutarimas Dėl 2024 metais taikomo minimaliojo darbo užmokesčio 28 June 2023 No. 516 (TAR, 2023-06-30, Nr. 13390)	–
Luxembourg	Ministry of Social Security, Communiqué on adjustment of social parameters to 1 January 2024, 10 January 2024 Ministry of Social Security, Communiqué on adjustment of social parameters to 1 September 2023, 6 September 2023 Ministry of Social Security, Communiqué on adjustment of social parameters as of 1 April 2023, 29 March 2023 Ministry of Social Security, Communiqué on adjustment of social parameters to 1 February 2023, 10 February 2023 Ministry of Social Security, Communiqué on Social parameters valid on 1 January 2023, 31 December 2023	Government website Amended Act of 25 March 2015 laying down the salary system and the conditions and procedures for the advancement of civil servants

Country	Legal source or similar regulation	Other sources
Malta	Government of Malta (undated), National Minimum Wage National Standard Order, 2023 National Agreement on the minimum wage signed by the social partners on 25 October 2023 and effective by means of Legal Notice 287 of 2023 National agreement on the minimum wage as recommended by the Low Wage Commission, October 2023, Parliamentary Document PQ13024	Government of Malta (undated), L.N. 286 of 2023 Schedule 1, 2023 Department of Industrial and Employment Relations (2024), Resource Pack 2024 Ministry for Finance and Employment (2023), Budget Speech 2024
Netherlands	Regeling van de Minister van Sociale Zaken en Werkgelegenheid van 17 april 2023, nr. 2023-0000203905, tot aanpassing van het wettelijk minimumloon per 1 juli 2023 Regeling van de Minister van Sociale Zaken en Werkgelegenheid van 9 oktober 2023, nr. 2023-0000522401, tot indexatie van het wettelijk minimumloon en bekendmaking van het wettelijk minimumuurloon per 1 januari 2024	–
Poland	Regulation on hourly minimum wage rate in 2024 (Dz.U. 2023 poz. 1893)	Information on the official website of the Council of Ministers
Portugal	Decree Law No. 107/2023 of 17 November 2023 Governo Atualiza salário mínimo nacional para 820 euros em 2014	CES (2022), Acordo de Médio Prazo de Melhoria dos Rendimentos, dos Salários e da Competitividade, Conselho Económico e Social, 9 October 2022 CES (2023), Reforço do Acordo de Médio Prazo, dos Salários e da Competitividade, Conselho Económico e Social, 7 October 2023
Romania	Hotărârea nr. 900/2023 pentru stabilirea salariului de bază minim brut pe ţară garantat în plată	–
Slovakia	Oznamenie Ministerstva práce,sociálnych vecí a rodiny Slovenskej republiky c. 372/2023 Z.z. o sume minimálnej mzdy na rok 2024	Ministry of Labour, Social Affairs and Family: Vyska minimálnej mzdy na rok 2024 bude 750 eur
Slovenia	Official Gazette of the Republic of Slovenia (number 6/2024v)	The Ministry of Labour, Family, Social Affairs and Equal Opportunities
Spain	Royal Decree 145/2024	–

Note: *Websites were accessed on 25 April 2024.*
Source: *Authors' own elaboration based on national contributions*

Table A2: Overview of criteria used for determining the change in the national minimum wage rates for 2024

Country	Wages		Economic factors			Labour market factors		Other factors
	(Target) % of wages	Wage level and/or growth, including negotiated wages	Inflation	Labour productivity level and/or developments	GDP developments	Unemployment	Employment	Other country-specific criteria
Belgium	n.a.	n.a.	‘Smoothed health index’, based on the CPI	n.a.	n.a.	n.a.	n.a.	Wage developments in France, Germany and the Netherlands (‘wage norm’)
Bulgaria	50% of the average gross wage over the final two quarters of the previous year and the initial two quarters of the current year	n.a.	Change of the average annual CPI (July 2022 to June 2023) and projected annual CPI change (for 2024)	n.a.	Estimated GDP growth (for 2024)	n.a.	n.a.	n.a.
Croatia	Increase in the share of the MW in the average gross salary paid in legal entities from January to July of the current year	n.a.	Inflation	Trends in labour productivity	n.a.	Unemployment trends	Employment trends	Demographic trends and the overall state of the economy, with special attention to activities with low wages and vulnerable groups of employees
Cyprus	n.a.	Development of wages	n.a.	n.a.	n.a.	Trends in the unemployment rate	Trends in the level of employment	The PP of the MW from the perspective of cost-of-living variations The impact that any change of the MW may have on the level of employment, on the indicators of relative and absolute poverty, on the cost of living and on the competitiveness of the economy
Czechia	On the path to 45% or 50% of the projected level of average gross wages in 2028 (41.1% or 42.1% in 2024)	n.a.	Yes, consumer prices as per Article 111 of the Labour Code	n.a.	n.a.	n.a.	n.a.	
Estonia	50% of average gross salaries by 2027	n.a.	Price increases	n.a.	GDP in current prices and growth in real terms	Unemployment rate	n.a.	Budget balance (% of GDP)
France	n.a.	Half of the annual growth of wages (considered, but not applied for the new rate, as consumer prices outpaced wage growth)	Indexation based on the modified CPI for low-paid households	n.a.	n.a.	n.a.	n.a.	

Country	Wages		Economic factors			Labour market factors		Other factors
	(Target) % of wages	Wage level and/or growth, including negotiated wages	Inflation	Labour productivity level and/or developments	GDP developments	Unemployment	Employment	Other country-specific criteria
Germany	n.a.	Index of collectively agreed wages	n.a.	n.a.	n.a.	n.a.	n.a.	Effects of the statutory MW on employment, competitiveness and employee protection
Greece	n.a.	Wages – not further specified	Index of consumer prices from the National Statistical Service of Greece	Productivity – not further specified	The growth rate of GDP of the previous year and the forecast for the next year	Unemployment rate	Employment	Incomes
Hungary	n.a.	n.a.	Expected annual inflation rate for 2023	n.a.	Expected annual GPD growth for 2023	Level of unemployment	n.a.	n.a.
Ireland	On the path to 60% of the projected level of median hourly gross wages in 2026	n.a.	n.a.	n.a.	GDP growth	Level of unemployment	n.a.	n.a.
Latvia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lithuania	Between 45% and 50% of AWs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Average of MW/AW ratio of one-quarter of the Member States with the highest MW/AW ratios
Luxembourg	n.a.	n.a.	CPI change in the six-month average exceeding 6%	n.a.	n.a.	n.a.	n.a.	n.a.
Malta	n.a. (but see entry under 'Other country-specific criteria')	n.a.	The Retail price index serves as the basis for the calculation of the COLA	Yes – not further specified	n.a.	n.a.	n.a.	The PP of the MW from the perspective of cost-of-living variations – not further specified The Low Wage Commission considered the following reference values in assessing the adequacy of statutory MWs: (1) 60% of the gross median wage and (2) 50% of the gross AW
Netherlands	n.a.	Collectively agreed wages	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Country	Wages		Economic factors			Labour market factors		Other factors
	(Target) % of wages	Wage level and/or growth, including negotiated wages	Inflation	Labour productivity level and/or developments	GDP developments	Unemployment	Employment	Other country-specific criteria
Poland	n.a.	Forecasted wage index; average monthly wages in the previous year by activity	Past and forecasted price indices	Labour productivity	Forecasted real growth rate of GDP	n.a.	Maintain a high level of employment	Household expenditures of the previous year; share of wage income; average number of dependants by wage earner; living standards of various social groups; information about the economic conditions of the country; economic development requirements
Portugal	n.a.	n.a.	Yes; not further specified	Yes; not further specified	n.a.	n.a.	n.a.	n.a.
Romania	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Slovakia	57% of the average nominal monthly wage	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Slovenia	n.a.	n.a.	Year-on-year growth of consumer prices in December each year	n.a.	n.a.	n.a.	n.a.	Between 120% and 140% of the minimum living costs
Spain	Maintaining 60% of net AWs	n.a.	Core inflation	n.a.	n.a.	n.a.	n.a.	n.a.

Notes: *The criteria listed here are those applied during 2023 for the setting of the rates for 2024. They are not necessarily the same as those listed in the minimum wage regulations, especially in countries with more loosely defined criteria. An overview of the content of the regulations in relation to which criteria shall be considered during the setting of the rates is available in Eurofound's minimum wage country profiles.*
AW, average wages; CPI, consumer price index; MW, minimum wage; n.a., not applicable; PP, purchasing power.
Source: *Authors' own elaboration based on information from the Network of Eurofound Correspondents*

Collectively agreed minimum wages

Table A3: Monthly minimum wages in collective agreements for 10 low-paid jobs, in nominal terms, national currency, 1 January 2023 and 1 January 2024

	Austria (€)		Denmark (DKK)		Finland (€)		Italy (€)		Norway (NOK)		Sweden (SEK)	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1. Domestic cleaners	2,120	2,120	22,354	24,352	1,884	1,968	786	790	33,238	35,107	22,517	23,667
2. Cleaners and helpers in offices, hotels, and other establishments	2,138	2,334	22,354	24,352	1,884	1,968	1,380	1,412	33,238	35,107	24,699	25,758
3. Shop sales assistants	2,153	2,337	20,940	21,661	1,974	2,061	1,760	1,760	26,574	27,874	24,032	24,258
4. Waiters and bartenders	1,976	2,172	25,034	25,755	1,892	2,001	1,706	1,706	29,240	31,003	23,007	24,207
5. Cooks	1,976	2,172	22,564	23,321	1,892	2,001	1,706	1,706	30,040	31,803	24,339	25,539
6. Home-based personal care workers	2,353	2,570	23,200	23,687	2,249	2,380	1,071	1,077	26,667	27,885	19,947	19,947
7. Childcare workers	2,301	2,513	23,701	24,239	1,959	2,002	1,071	1,077	28,450	30,600	20,745	21,839
8. Agricultural, forestry and fishery labourers (standard employment)	1,894	2,054	24,504	25,008	1,624	1,687	1,102	1,102	25,074	26,780	21,248	22,598
9. Agricultural, forestry and fishery labourers (seasonal employment)	1,976	2,156	No data	No data	1,624	1,687	1,102	1,102	21,840	23,546	No data	No data
10. Couriers, newspaper or parcel deliverers	1,934	2,123	20,387	21,829	1,858	1,899	1,794	1,814	28,876	30,583	28,293	26,446

Notes: *Hourly rates were converted into monthly rates based on the number of (weekly or monthly) hours per collective agreement; weekly hours × 4.33 and considering the number of monthly payments per year, converted into 12 monthly payments in each case. For Norway, hourly pay rates were converted into monthly values using 162.5 hours per month.*
Source: *Compiled by the authors based on a sample of collective agreements reported by the Network of Eurofound Correspondents*

Table A4: Change in monthly minimum wages in collective agreements for 10 low-paid jobs, in nominal terms, 1 January 2023 to 1 January 2024 (%)

	Austria	Denmark	Finland	Italy	Norway	Sweden
1. Domestic cleaners	0.0	8.9	4.4	0.6	5.6	5.1
2. Cleaners and helpers in offices, hotels, and other establishments	9.2	8.9	4.4	2.3	5.6	4.3
3. Shop sales assistants	8.5	3.4	4.4	0.0	4.9	0.9
4. Waiters and bartenders	9.9	2.9	5.7	0.0	6.0	5.2
5. Cooks	9.9	3.4	5.7	0.0	5.9	4.9
6. Home-based personal care workers	9.2	2.1	5.8	0.6	4.6	0.0
7. Childcare workers	9.2	2.3	2.2	0.6	7.6	5.3
8. Agricultural, forestry and fishery labourers (standard employment)	8.4	2.1	3.9	0.0	6.8	6.4
9. Agricultural, forestry and fishery labourers (seasonal employment)	9.1	No data	3.9	0.0	7.8	No data
10. Couriers, newspaper or parcel deliverers	9.8	7.1	2.2	1.1	5.9	-6.5

Notes: *Change is calculated in national currencies. Many agreements are renewed during the year, not only by 1 January. Rates agreed after 1 January 2024 have not been taken into account. In Sweden, the collective agreement related to the job 'Couriers, newspaper or parcel deliverers' changed how wages are calculated, which led to lower minimum wages but higher maximum wages.*
Source: *Compiled by the authors based on a sample of collective agreements reported by the Network of Eurofound Correspondents*

Comparing approaches to track negotiated wages

In this section, we will compare two methodologies, along with the data from national providers and statistical offices; discuss their particular strengths; and compare the outcomes.

The 10 low-paid jobs approach focuses on 10 specific large low-paid occupations found in specific sectors. The jobs were selected based on the European Jobs Monitor methodology and belong to the lowest earning tercile. The largest sectoral agreements were selected in terms of the number of employees covered, and the basic collectively agreed minimum wage rates were collected over time (Eurofound, 2021, 2022, pp. 14–15).

The data collection ranges from January 2020 until January 2024 and includes the five EU Member States without national minimum wages, and Norway. The main advantage of this dataset is its timeliness and the comparatively low effort required to gather the information, as it is 'only' based on up to 10 agreements per country and could therefore be updated within the scope of this report.

Following a request from the European Parliament and the European Commission, Eurofound was asked to carry out a pilot project on minimum wages (Eurofound, undated). The database created contains minimum basic pay rates from 692 agreements in 24 low-paid Nomenclature of Economic Activities two-digit sectors in all 27 EU Member States. A representative and controlled panel of observations has been established for 22 EU Member States subject to country availability of data and registers to observe developments over time. The data are available in principle for 2015–2022, with some countries having shorter series (Eurofound, 2024).

Eurofound also collects data on average nominal collectively agreed wage changes from national statistical offices and other providers.[17] The data usually refer to all collectively agreed wages in the entire economy (sometimes only the private sector) and are typically based on a broader sample of collective agreements, not restricted to low-paid sectors. Methodologies vary between countries. The data are available for 2010–2022 for 12 Member States (in principle).

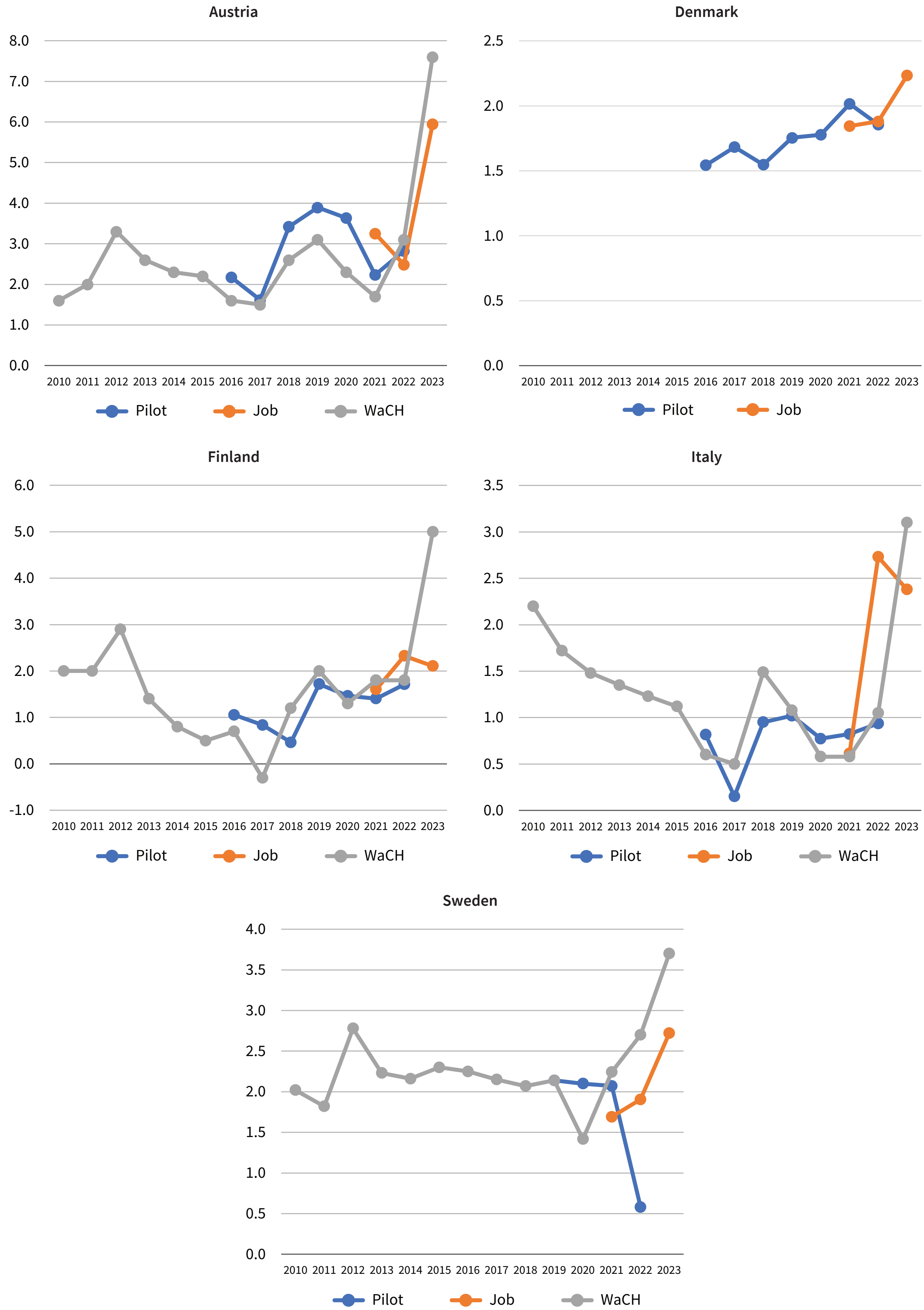
Figure A2 shows the year-on-year change in negotiated pay according to the three available methodologies and datasets in the Member States[18] with collectively agreed wages. The three approaches seem to largely follow the same trend. The changes for low-paid workers according to the pilot project methodology, with a robust sample in the panel of observations, are largely aligned with the changes in collectively agreed pay in the overall economy as per the '[collectively agreed] wage change' (WaCH) variable, obtained from national statistical sources,[19] for instance in Austria, Finland and Italy. The jobs methodology, with a focus on 10 low-paid jobs, provides the most up-to-date snapshot of the situation using the most recent data. However, due to a focus on specific low-paid jobs, which might be renegotiated in light of high inflation, for example, and a smaller sample, some greater changes in the negotiated pay occur than for the other two approaches (more than 1% higher), for instance in Denmark in 2020, Italy in 2022 or Austria in 2021.

17 Users can access the data in the EurWORK database, variable 'wage change'.

18 Norway was not part of the pilot project, and also does not provide aggregate collectively agreed pay statistics.

19 The relevant sources for this set of countries are Statistik Austria (Tariflohnindex), Istituto Nazionale di Statistica, (for Italy), the National Mediation Office (for Sweden), and Statistics Finland (index of negotiated wages).

Figure A2: Comparison of developments of negotiated pay in countries without a national minimum wage using three methodologies (%)

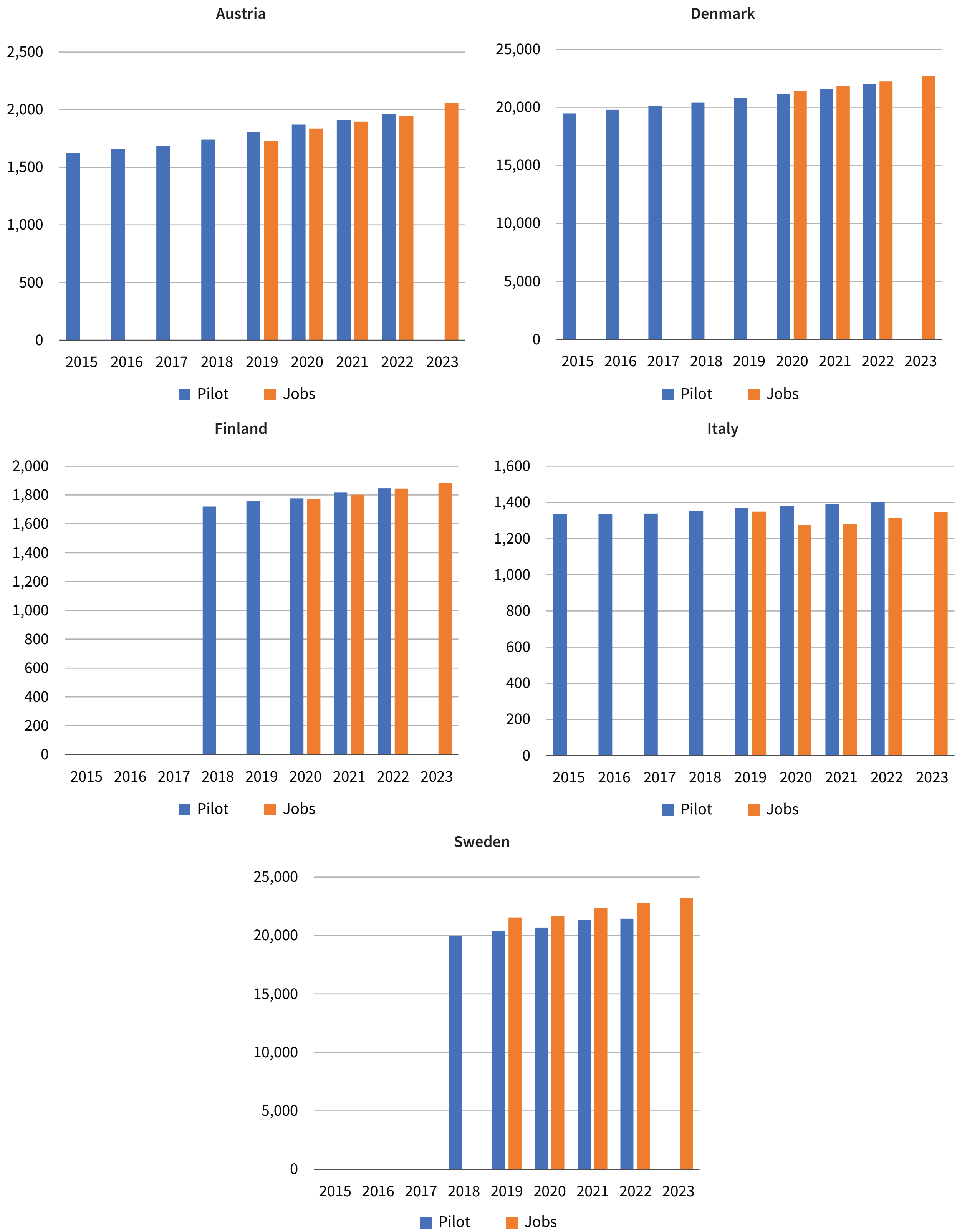


Source: *Compiled by the authors based on selected collective agreements and data on changes in collectively agreed wages from national statistical providers, as per the EurWORK database, version 4.1 (Tariflohnindex TLI (index of minimum collectively agreed wages) (Statistics Austria); index of negotiated wages (Statistics Finland); contractual wages and salaries (Istat, Italy); data on wage increases in central agreements (National Mediation Office, Sweden)).*

Figure A3 shows the level of collectively agreed pay. The levels are largely aligned, with some variation across the countries.

Using the jobs approach, the collectively agreed pay of low-paid workers over the available years is estimated below the pilot project methodology in Austria (-1.9%), Finland (-0.7%) and Italy (-5.7%). Conversely, in Denmark the jobs approach estimates values as 1.2% higher than the pilot, and in Sweden it estimates them as 5.4% higher.

Figure A3: Comparison of levels of negotiated pay in countries without a national minimum wage using two methodologies and datasets (national currency)



Source: *Compiled by the authors based on collective agreements*

Annex 2: Network of Eurofound Correspondents

Table A5: National correspondents who contributed to the report

Country	National correspondent	Organisation
Austria	Bernadette Allinger	Working Life Research Centre
Belgium	Dries Van Herreweghe and Sem Vandekerckhove	HIVA Research Institute for Work and Society, KU Leuven
Bulgaria	Vassil Kirov and Bagryan Malamin	Institute of Philosophy and Sociology, Bulgarian Academy of Sciences
Croatia	Predrag Bejaković	Faculty of Economics, Business and Tourism, University of Split
Cyprus	Pavlos Kalosinatos	Cyprus Labour Institute
Czechia	Aleš Kroupa	Research Institute for Labour and Social Affairs
Denmark	Maria Hansen	Employment Relations Research Centre, University of Copenhagen
Estonia	Miriam Lehari	Praxis Centre for Policy Studies
Finland	Elina Härmä and Mikael Lundqvist	Oxford Research
France	Frédéric Turlan	IR Share
Germany	Thilo Janssen and Merlin Manz	Institute of Economic and Social Research, Hans Böckler Foundation
Greece	Penny Georgiadou	Labour Institute of the Greek General Confederation of Labour
Hungary	Éva Palócz	Kopint-Tárki
Ireland	Roisin Farrelly	IRN Publishing
Italy	Matteo Luccisano and Alessandro Smilari	Fondazione Giacomo Brodolini
Latvia	Raita Karnīte	EPC Ltd
Lithuania	Ramunė Guobaitė and Inga Blažienė	Lithuanian Centre for Social Sciences
Luxembourg	Kristell Leduc	Luxembourg Institute of Socio-Economic Research
Malta	Melchior Vella and Gilmour Camilleri	Centre for Labour Studies, University of Malta
Netherlands	Thomas de Winter	Panteia
Norway	Kristin Alsos	Fafo
Poland	Aleksandra Majchrowska and Paulina Broniatowska	Ecorys Poland
Portugal	Maria da Paz Campos Lima	Centre for Studies for Social Intervention
Romania	Ştefan Guga	Syndex
Slovakia	Ludovit Cziria	Institute for Labour and Family Research
Slovenia	Mitja Perko	Institute of Macroeconomic Analysis and Development
Spain	Oscar Molina Romo	Centre d'Estudis Sociològics sobre la Vida Quotidiana i el Treball, Universitat Autònoma de Barcelona
Sweden	Nils Brandsma	Oxford Research

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EF/24/017

TJ-AS-24-085-EN-N

This 2024 annual review of minimum wages provides a synopsis of minimum wage setting during 2023 in the EU27 and Norway. It reports in detail on the processes and outcomes of setting the minimum wage rates for 2024 and beyond. It investigates the extent to which minimum wage earners were affected by the cost-of-living crisis and shows how minimum wage workers are distributed across households over the entire income distribution. The report also addresses the criteria that minimum wage setters considered when setting the new rates for 2024 and to what extent these criteria already include the minimum elements mentioned in Article 5 of the EU Minimum Wage Directive. It provides some initial insights into Member States' activities around the transposition of the directive, which was a moving target at the time of drafting the report. Finally, an overview of the latest minimum wage research related to the EU27 and Norway completes this report.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

Publications Office
of the European Union

ISBN 978-92-897-2406-7
ISSN 2599-9311
doi:10.2806/643382