RESEARCH REPORT

Industrial relations and social dialogue

Minimum wages in 2025: Annual review

Minimum wages in 2025: Annual review

Eurofound

European Foundation for the Improvement of Living and Working Conditions

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Executive summary

Introduction

Most EU Member States (22) have a national minimum wage, which – with some exceptions and variations – is a unique wage floor below which no worker can be paid. Only five Member States (and Norway) do not have a national minimum wage, but instead have (mainly sectoral) collectively agreed minimums, combined with high levels of collective bargaining coverage.

Policy context

Directive (EU) 2022/2041 on adequate minimum wages in the European Union (hereafter the 'Minimum Wage Directive'), passed in 2022, provides a common framework for the setting of adequate (statutory) minimum wages, promotes collective bargaining on wage setting and enhances the effective access of workers to their rights to minimum wage protection, where provided for in national legislation and/or collective agreements. Member States were required to transpose the directive into their national regulations by 15 November 2024. Most countries had (at least partially) completed this process by the end of 2024. In 2023, Denmark (supported by Sweden) filed an action for the full or partial annulment of the directive with the Court of Justice of the European Union. The ruling on this request is expected in 2025.

Key findings

Minimum wage rates in 2025

- Gross national minimum wage rates increased between January 2024 and January 2025 in 21 of the 22 Member States that have a national minimum wage, with Cyprus being the only exception where the rate remained unchanged. They increased significantly in most of the central and eastern European Member States: by almost 23 % in Romania, 15 % in Croatia and Bulgaria, 12 % in Lithuania, 10 % in Czechia and Poland, 9 % in Hungary and Slovakia and 8 % in Estonia.
- Although these increases were lower than those of the previous year, in line with the moderation in inflation levels, they were still significant and resulted in a boost in the purchasing power of minimum wage earners in most countries. Minimum wages in real terms increased in most countries, remained largely stable in a few countries (Germany, Luxembourg, France, Slovenia and Belgium) and declined in Cyprus.
- The role of inflation in driving significant minimum wage hikes declined this year. Instead, the Minimum Wage Directive seems to be an emerging structural factor influencing these increases, with a growing number of countries linking their minimum wage uprates to similar thresholds referenced as examples in the directive.
- Available data show that only in a few countries, minimum wages have reached 60 % of the median wage or 50 % of the average wage. Nevertheless, the Kaitz Index (ratio of the minimum wage to the median or average wage) has increased over the last two decades in most Member States, which means that national minimum wages have grown more than median and average wages during this period.
- The tax and benefit systems can lead to significant differences between the gross minimum wage rates and the actual take-home pay (the net minimum wage rate). In 2024, the employee tax rate (including personal income tax and employee social insurance contributions) ranged from approximately 5 % in Belgium and Estonia to almost 40 % in Romania.

Transposition of the directive

- A comparative analysis of the available (draft) regulations shows that the transposition of the directive has not led to major changes in the systems and methods used to set statutory minimum wages. Legal adaptations have tended to be minor and complementary to existing national practices.
- Most countries with statutory minimum wages have included the elements listed in Article 5(2)(a) to (d) of the directive as standalone criteria and complements to the criteria that national wage-setting bodies must consider under national legislation.
- Regarding the indicative reference values that wage setters are expected to use to assess the adequacy of statutory minimum wages (Article 5(3) of the directive), most countries have included specific percentages based on average or median wages in their regulations. These values may deviate somewhat from the examples provided in the directive, ranging from 46 % of average wages in Latvia to 55 % of projected average wages in Poland (according to the draft law). Some countries, such as Ireland, the Netherlands and Romania, have adopted more flexible approaches, allowing values to vary over time or fall within a defined range. In a few Member States, such as Croatia and Portugal,

it is not yet clear based on the draft regulations which indicative reference values will be used. Others refer to different indicative values (for example, Slovenia) or none at all (for example, Luxembourg), citing their specific update mechanisms.

- Several countries have made the indicative (targeted) values part of the criteria that wage setters are required to consider, while others refer to them solely in the context of assessing the adequacy of statutory minimum wages, as outlined in the directive.
- Most countries with statutory minimum wages have not substantially changed their formal approach to involving social partners in the setting and updating of minimum wage levels, as this is already a widespread practice. However, some have introduced regulatory refinements to clarify or strengthen specific aspects of this involvement.

Minimum wage earners and their ability to afford housing

- The share of workers earning the minimum wage varies across Member States, ranging from more than 10 % in Portugal, Slovakia and Poland to less than 3 % in Czechia, Belgium and the Netherlands. Nevertheless, most Member States show an upward trend, which is consistent with the fact that minimum wages have grown faster than average and median wages over the past 15 years.
- In 2024, housing costs in the EU rose faster than general inflation. According to Eurofound's analysis based on the latest data from the European Union Statistics on Income and Living Conditions (2023 EU-SILC), minimum wage earners were disproportionately affected, as housing makes up a larger share of their disposable income (34.8 % on average, compared to 26.2 % for higher earners). Among single-adult households, minimum wage earners were also more likely to perceive housing costs as a heavy burden (35.6 % compared to 21.7 %).
- Young minimum wage earners (aged 16–34, students whose primary activity was education were excluded) in many countries are significantly more likely than their better-paid peers to live with their parents (48.9 % compared to 29.1 %). This suggests that current minimum wage levels may be a barrier to independent living for young workers, preventing them from moving out of family homes and limiting their housing mobility.

Policy pointers

- The EU Minimum Wage Directive is emerging as an important factor guiding statutory minimum wage setting, with transposition largely progressing on schedule in most countries. However, not every aspect has been (or needs to be) included in national regulations. It will be up to national wage setters – including social partners and consultative bodies – to uphold and implement the spirit of the directive in practice.
- As minimum wages rise in relation to average/median wages, more employees earn wages close to the minimum level in many countries. This increases the importance of complementary policies, such as housing policies, tax relief or benefits, that improve the financial situation of minimum wage earners.
- High housing costs have a disproportionate impact on minimum wage earners, limiting their mobility and overall quality of life, and potentially constraining their economic opportunities. Depending on the relative housing costs, and when assessing the adequacy of minimum wages, wage setters may take relative housing costs into account in future years when assessing the adequacy of minimum wages and particularly during collective bargaining processes.

Introduction

2024 was an eventful year for minimum wage regulations in most EU Member States, as the EU Minimum Wage Directive (1) had to be transposed into national legislation by mid November. Therefore, the regular discussions on setting rates for 2025 were sometimes overshadowed by discussions regarding the required adaptations to national regulations. Most countries managed to transpose the directive by the deadline or with a short delay but still within the year. However, in a few countries, the full transposition was still pending as of mid-March 2025.

This year's edition of the annual review on minimum wages provides a comprehensive overview of recent developments. The first two chapters present the usual summaries of how national minimum wages (and collectively agreed minimum wages in countries without a national minimum wage) were set and developed for 2025.

Chapter 3 focuses on the new minimum wage regulations, providing a comparative analysis of how Member States with statutory minimum wages have implemented various articles and aspects of the directive. It examines the indicative reference values adopted, the consultative bodies designated or set up, criteria that wage-setters are required to consider when uprating, approaches to variations in minimum wages and measures to promote collective bargaining.

Chapter 4 focuses on minimum wage earners and their ability to afford housing, based on analysis of the latest data from the European Union Statistics on Income and Living Conditions (EU-SILC).

Furthermore, this report is accompanied by two related Eurofound working papers. The first presents three country examples of how Member States have approached their adequacy assessments in the context of the Minimum Wage Directive (Eurofound, 2025a). The second provides an overview of recent research publications on minimum wages, mainly published in 2024 (Eurofound, 2025b). Finally, Eurofound's minimum wage country profiles complement this report by providing detailed background information on how minimum wage setting is regulated and functions in the EU Member States and Norway (2).

(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'.

(2) Norway is generally included in the report as it is part of the Network of Eurofound correspondents. In this report, it is generally excluded from figures and analyses due to data limitations. Specifically, EUROMOD and EU-SILC – two data sources for this report – do not include Norway. As a result, Norway is only featured where data are available and applicable.

1 Minimum wages in 2025

This chapter provides an overview of the development of gross national minimum wages over the past year, both in nominal and real terms. It examines how the relative levels of national minimum wages (when compared with average and median wages) have improved in recent years, and presents data on their net value in Member States. In countries without a national minimum wage, the chapter focuses on the development of collectively agreed minimum wages over the past year, again in both nominal and real terms.

Gross national minimum wages

Gross national minimum wage rates increased significantly in January 2025 in almost all the 22 Member States with national minimum wages. Although these increases were lower than those a year previously, in line with the moderation in inflation levels, they were still significant and resulted in a boost in the purchasing power of minimum wage earners in most countries.

Significant hikes in gross nominal rates

Following the remarkable hikes in national minimum wages in January 2024 (Eurofound, 2024), inflation levels returned to more normal levels over the course of the last 12 months, which resulted in more moderate hikes in nominal rates in January 2025 in most countries. Nevertheless, these hikes were still significant and led to increases in minimum wage levels in real terms in almost all countries, as discussed later in this report. In addition, it appears that the new Minimum Wage Directive has emerged as an influential factor in triggering some of these substantial increases, as minimum wage setters in several countries aim to place the national minimum wage at a particular relative level defined as a percentage of the average or median actual wage.

Data on the changes in gross nominal national minimum wage rates between January 2024 and January 2025 are presented in Table 1 for the 22 Member States with a national minimum wage. Austria, Denmark, Finland, Italy, Sweden and Norway do not have a national minimum wage. They are covered later in this chapter. Nominal rates increased in all countries, except for Cyprus, although to varying degrees.

- The most substantial uprates took place in most of the central and eastern European Member States: there were hikes of almost 23 % in Romania (due to the regular update in January 2025 and an ad hoc intervention in July 2024), above 15 % in Croatia and Bulgaria, 12 % in Lithuania, 10 % in Czechia and Poland, 9 % in Hungary and Slovakia and 8 % in Estonia.
- Significant increases, although of lower magnitudes (slightly above or around 6 %), occurred in several of the EU-15 [3]: Greece (new rate fixed in April 2024 in line with regular practice), Ireland, Portugal and the Netherlands (resulting from two regular updates in July 2024 and January 2025). Latvia adopted a hike of just below 6 %.
- Moderate increases were adopted in a group comprising mainly western European countries: 4.4 % in Spain, 3.9 % in Malta, a 3.8 % hike in Belgium (from April 2024 due to automatic indexation), slightly above 3 % in Germany, below 3 % in Luxembourg and a 2 % increase in France (from November 2024 due to automatic indexation). A hike of below 2 % was agreed in Slovenia.
- Cyprus is the only country with no change, since the country's new statutory minimum wage was first uprated in 2024, and a readjustment is expected every second year.

Comparative regional analysis and convergence

Following the ongoing trend since the EU's eastern enlargement in 2004, a clear regional picture continues to emerge: the most significant uprates to national minimum wages generally occurred among the newer Member States. This year, the nine countries adopting the largest hikes are all from the EU-13 [4], while hikes tended to be more moderate among the older Member States (the EU-14). This geographical divide reflects the continued process of convergence in national minimum wages in Member States, as the newer Member States still tend to have lower nominal rates. Nevertheless, disparities in nominal minimum wage levels between countries remain significant, as discussed in Box 1.

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

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

Table 1: Gross nominal national minimum wages, 22 Member States, 2024 and 2025

Country	Converted values			National rates and developments			Change over 2023–2024
	2024 (EUR)	2025 (EUR)	Change (%)	2024	2025	Change (%)	
Romania	663	814	22.8	RON 3 300/month	RON 4 050/month	22.7	10.0
Croatia	840	970	15.5	EUR 840/month	EUR 970/month	15.5	20.0
Bulgaria	477	551	15.4	BGN 933/month	BGN 1 077/month	15.4	19.6
Lithuania	924	1 038	12.3	EUR 924/month	EUR 1 038/month	12.3	10.0
Czechia	764	826	8.0	CZK 18 900/month	CZK 20 800/month	10.1	9.2
Poland	978	1 091	11.7	PLN 4 242/month	PLN 4 666/month	10.0	21.5
Hungary	697	707	1.4	HUF 266 800/month	HUF 290 800/month	9.0	15.0
Slovakia	750	816	8.8	EUR 750/month	EUR 816/month	8.8	7.1
Estonia	820	886	8.0	EUR 820/month	EUR 886/month	8.0	13.1
Greece	910	968	6.4	EUR 910/month	EUR 968/month	6.4	9.4
Ireland	2 146	2 282	6.3	EUR 12.7/hour	EUR 13.5/hour	6.3	12.4
Portugal	957	1 015	6.1	EUR 956/month	EUR 1 015/month	6.1	7.9
Netherlands	2 070	2 193	6.0	EUR 2 070/month	EUR 2 193/month	6.0	7.0
Latvia	700	740	5.7	EUR 700/month	EUR 740/month	5.7	12.9
Spain	1 323	1 381	4.4	EUR 1 323/month	EUR 1 381/month	4.4	5.0
Malta	925	961	3.9	EUR 213.54/week	EUR 221.78/week	3.9	10.8
Belgium	1 994	2 070	3.8	EUR 1 994/month	EUR 2 070/month	3.8	2.0
Germany	2 054	2 122	3.3	EUR 12.41/hour	EUR 12.82/hour	3.3	3.4
Luxembourg	2 571	2 638	2.6	EUR 2 571/month	EUR 2 638/month	2.6	7.7
France	1 767	1 802	2.0	EUR 1 767/month	EUR 1 802/month	2.0	3.4
Slovenia	1 358	1 384	1.9	EUR 1 358/month	EUR 1 384/month	1.9	4.2
Cyprus	1 000	1 000	0.0	EUR 1 000/month	EUR 1 000/month	0.0	6.4

Notes: *2024 data refer to January 2024, and 2025 data refer to January 2025. The columns headed 'Change (%)' present the growth rates between 2024 and 2025. In most cases, the increase is due to a single uprate in January 2025, with some exceptions: the increase occurred in April 2024 in Belgium and Greece and in November 2024 in France. Two hikes took place in the Netherlands, Poland and Romania (in July 2024 and January 2025). Converted values: rates for countries not in the euro area (Bulgaria, Czechia, Hungary, Poland and Romania) were converted from national currencies to euro by applying the exchange rate applicable at the end of the previous reference month (December 2024). Rates for countries with more than 12 wage payments per year (Greece, Portugal, Slovenia and Spain) were converted by dividing the annual total 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 on minimum wages. The rate for Malta was converted from a weekly rate to a monthly rate, considering the number of weeks per calendar month (52/12). Countries are ranked by the magnitude of the change in their national minimum wages (in national currencies) between 2024 and 2025.*
Source: *Network of Eurofound Correspondents and Eurofound calculations*

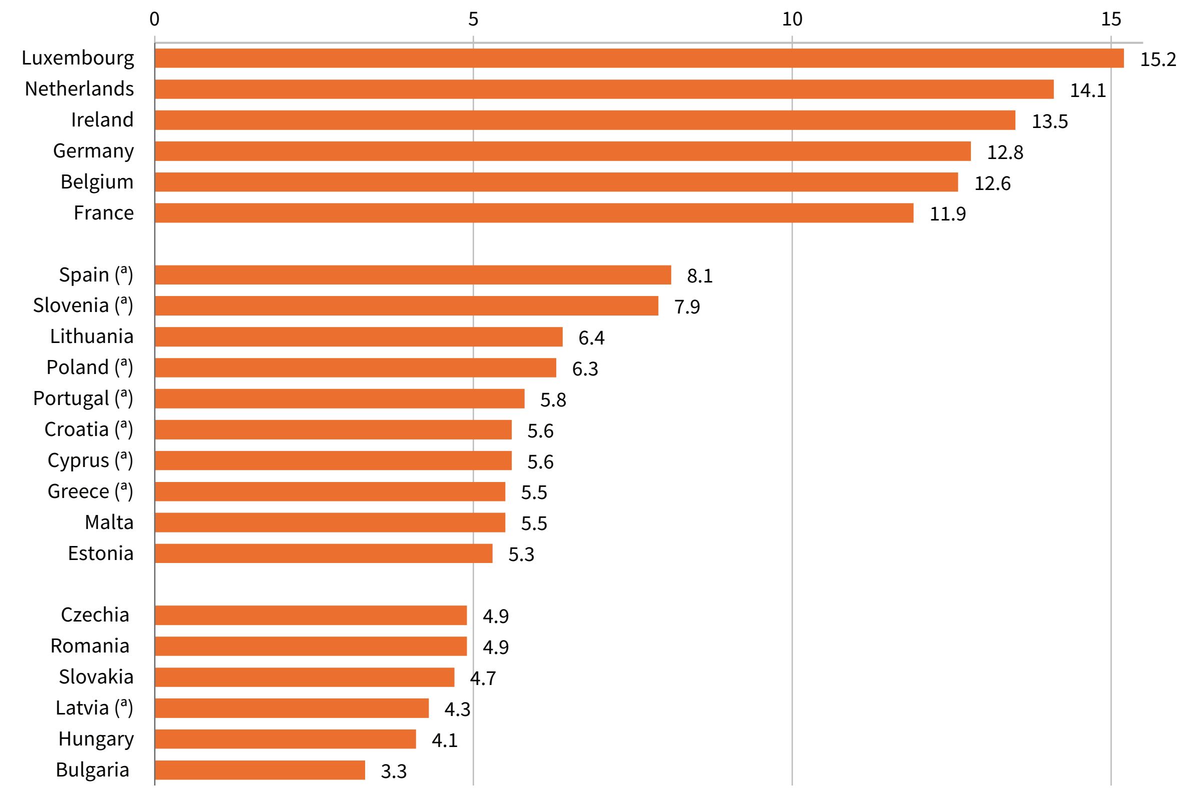
Box 1: Hourly national minimum wage levels vary between countries

Although between-country disparities in national minimum wage levels are presented in Table 1, hourly nominal rates provide a more direct picture that better reflects the situation of minimum wage earners working part-time or reduced hours. Figure 1 shows significant variation in hourly rates across the EU.

- Hourly rates are highest (from EUR 15 to EUR 12) in a group of six countries from the EU-14, where nominal rates range from above EUR 15 in Luxembourg to around EUR 14 in the Netherlands, EUR 13.5 in Ireland, below EUR 13 in Germany and Belgium and just below EUR 12 in France.
- Hourly rates range between just over EUR 8 and EUR 5 in a group of 10 countries, including Mediterranean countries from the EU-14 and newer Member States from the EU-13. Rates are approximately EUR 8 in Spain and Slovenia, above EUR 6 in Lithuania and Poland, and between EUR 6 and EUR 5 in Portugal, Croatia, Cyprus, Greece, Malta and Estonia.

- Finally, hourly rates are lowest (below EUR 5) in a group of six central and eastern European countries, all of which are from the EU-13. Rates are almost EUR 5 in Czechia, Romania and Slovakia; above EUR 4 in Latvia and Hungary; and just above EUR 3 in Bulgaria [5].

Figure 1: Disparities between countries in gross hourly national minimum wages, 22 Member States, nominal terms, January 2025 (EUR)



(a) *Rates were converted into hourly rates 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; therefore, it could result in an underestimation of the minimum wage hourly rates in countries where working hours among minimum wage workers are below the national averages.*
Notes: *For most countries, hourly minimum wages are legally defined as hourly rates, sometimes in addition to a monthly definition.*
Source: *Network of Eurofound Correspondents, Eurostat and Eurofound calculations*

Comparative analysis of 2024 compared to 2025 increases

This year's hikes in national minimum wage nominal rates were somewhat lower than those of 2024: the average increase between January 2024 and January 2025 was 7.5 % (the median was above 6 %), while that between January 2023 and January 2024 was 10 % (the median being above 9 %). The magnitude of the hikes moderated this year in most countries, but this year's increases exceeded those of last year in some countries (Romania, Lithuania, Slovakia, Belgium and Czechia).

With inflation returning to more normal levels, at 2.8 % for the EU-27 aggregate between January 2024 and January 2025, price increases have featured relatively less in this year's minimum-wage-setting discussions, and this is one of the reasons behind the lower hikes in national minimum wages reported here.

Nevertheless, the nominal hikes in minimum wages were still significant and, as will be shown, well above inflation levels in many Member States between January 2024 and January 2025. In addition, with inflation's role in driving significant minimum wage

(5) For Latvia, an hourly minimum wage rate was calculated by considering the official monthly minimum wage and using data on the average number of usual weekly hours of work, as done for the rest of the countries with no official hourly minimum wage rate. Nevertheless, the Latvian Ministry of Welfare uses the official monthly rate to perform its calculations of hourly minimum rates during the different months of the year, depending on the working hours of employees in four situations: (1) employees working five days and 40 hours a week (hourly rates from EUR 4.02 to EUR 4.60, depending on the month), (2) employees working five days and 35 hours a week (hourly rates from EUR 4.6 to EUR 5.28), (3) employees working six days and 40 hours a week (hourly rates from EUR 4.08 to EUR 4.62) and (4) employees working six days and 35 hours a week (hourly rates from EUR 4.68 to EUR 5.28).

hikes decreasing, an emerging structural factor influencing the hikes may be the new Minimum Wage Directive. Chapter 3 (section 'Indicative reference values guiding the adequacy assessments'), shows how in 2025 (and over the last few years) an increasing number of countries are using the indicative values mentioned in the directive – 60 % of the gross median wage and 50 % of the gross average wage – to guide their minimum wage setting.

National sub-minimum and higher rates

The national minimum wage rates are generally set to provide a universal wage floor covering the entirety of the workforce below which no working relation is allowed to take place. Nevertheless, there are some exceptions because some countries establish additional lower rates (known as sub-minimums) for specific groups of employees, typically the youngest ones.

The rationale behind these targeted lower rates was to support the employment of specific groups. This explains why the setting of sub-minimum rates became more widespread in the aftermath of the Great Recession (2007–2009), with the objective of addressing the poor employment outcomes affecting some segments of the workforce, especially the youngest and lower-skilled workers. Table 2 presents information on the sub-minimum rates, as of January 2025, in the Member States with national minimum wages. Most of these apply to younger workers.

It should be noted that the use of sub-minimums in Member States has become less common over time, as the rates have been either abolished or reduced following improvements in labour market situations from the mid 2010s. Against the background of better career prospects for the more vulnerable groups that these sub-minimums were intended to help, the policy discussion started to place more weight on the claim that the use of these sub-minimums resulted in a certain type of discrimination in the sense of allowing work for certain groups to take place below the general threshold set by the national minimum wage. In this regard, the spirit of the EU Minimum Wage Directive discourages the use of such rates, as it states 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). See Chapter 3, section 'Variations and deductions', for more information on how countries with such sub-minimums have approached the transposition of the directive in this regard.

Table 2: Sub-minimum rates for selected Member States, January 2025

Country	Group of workers	Percentage of full rate
Belgium	Workers aged 16 or younger (without student contracts)	67
	Workers aged 17 (without student contracts)	73
	Workers aged 18 (with student contracts)	79
	Workers aged 19 (with student contracts)	85
	Workers aged 20 (with student contracts)	90
Cyprus	Workers younger than 18 in casual work not exceeding two continuous 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) to 90 (17 years)
	People under 16 working during summer holidays	80
	Young people on professional contracts (a) (rate depending on age and previous qualifications)	55–100
	Apprentices, depending on age, seniority and the applicable sectoral agreement	27–78
	Trainees	Not applicable (b)
	Workers with disabilities employed in specific centres dedicated to the inclusion of such workers	55.7–110.7
	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 prison)	50

Country	Group of workers	Percentage of full rate
Luxembourg	Workers aged over 15 and under 17	75
	Workers aged over 17 and under 18	80
Malta	Workers aged under 17 (in the absence of an applicable wage regulation order)	95.66
	Workers aged 17 (in the absence of an applicable wage regulation order)	96.94
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
	Apprentices aged 18	61.5
	Apprentices aged 19	52.5
	Apprentices aged 20	45.5
Portugal	Workers in apprenticeships and internships	80
	Workers with disabilities	50

([a]) *In France, these contracts allow young employees to acquire a professional qualification and promote their professional integration or reintegration.*
([b]) *Trainees may not be paid if they work for less than two months. When working for more than two months, trainees receive EUR 4.35 per hour.*
Source: *Network of Eurofound Correspondents, based on national official sources*

In addition, a few countries set rates above the national minimum wage threshold for specific groups of workers. These are related to occupational categories, seniority, qualifications or the level of job demands (see Table 3).

Hungary and **Luxembourg** have higher rates for employees based on their levels of skills and qualifications. Hungary applies different national minimum wages to skilled and unskilled employees: the one for skilled workers is higher and applies to most workers, since a majority of them have some type of training, while the one for unskilled workers is the official rate, although it applies to fewer people. In Luxembourg, a recognised official certificate for the profession, such as vocational skills certificates or diplomas, determines the worker’s status as qualified and skilled. This can also be obtained through a specified number of years of practical professional experience.

In **Czechia** and **Slovakia**, there are wage floors, known as guaranteed wages, above the national minimum wage threshold, which become higher depending on the degree of job demands. However, in Czechia, the previous eight categories of jobs have been discontinued as of 2025, and four new categories have been defined based on qualification requirements, but these will only apply to jobs in the public sector.

In **Romania**, there is a higher national minimum wage rate for construction workers. Nevertheless, this may soon disappear, swallowed up by the increase in the national minimum wage. The absolute level of the rate for construction workers was frozen in 2025, and all tax breaks were cancelled, which explains why its relative rate to the national minimum wage decreased from 152 % to 113 % between 2024 and 2025. The previous special rate for workers in the agriculture and food industry was also discontinued this year.

Table 3: Higher minimum rates for selected Member States, January 2025

Country	Group of workers	Percentage of full rate
Czechia	1 – Public sector: jobs requiring primary education	100
	2 – Public sector: jobs requiring secondary education with an apprenticeship certificate	120
	3 – Public sector: jobs requiring secondary education with a school-leaving examination and higher vocational education	140
	4 – Public sector: jobs requiring higher education	160
Hungary	Skilled workers with a guaranteed minimum wage	120
Luxembourg	Qualified workers aged 18+	120
Romania	Construction workers	113
Slovakia	Job demands – level 1: for example, performance of ancillary, preparatory work or handling activities in accordance with concrete instructions	100
	Job demands – level 2: for example, performance of integrated routine service activities or routine professional activities, controllable in accordance with the given instructions	114
	Job demands – level 3: for example, performance of heterogeneous or compact professional work or independent assurance of less complicated business	128
	Job demands – level 4: for example, independent assurance of professional business or performance of partial conceptual, systemic and methodical work accompanied by increased mental effort	143
	Job demands – level 5: for example, performance of specialised systemic, conceptual, creative or methodical work accompanied by high mental effort	157
	Job demands – level 6: for example, creative solution of tasks in an irregular manner without specified outputs, with a high rate of liability for damages and the widest societal implications	171

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

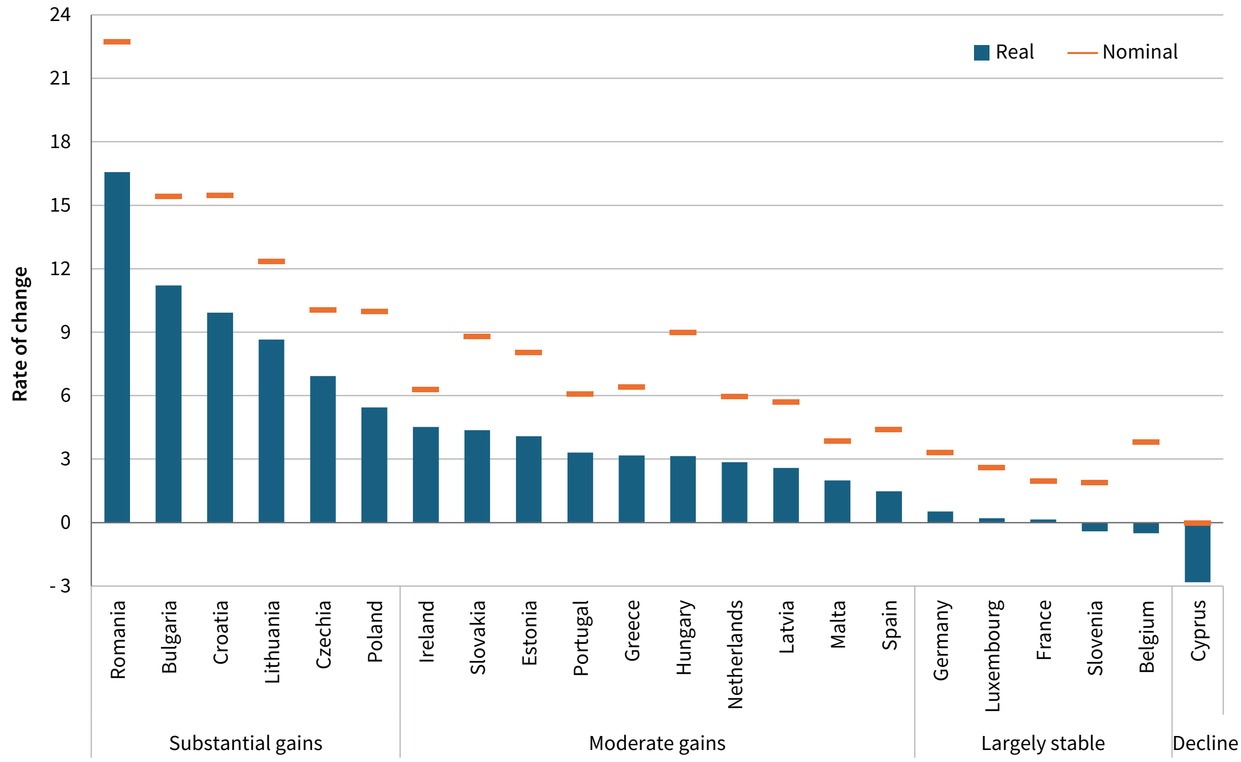
Generalised gains in the purchasing power of minimum wage earners

With inflation generally returning to much lower and normal levels (2.8 % for the EU-27 between January 2024 and January 2025), hikes in nominal minimum wage rates were generally lower than in the previous year. The average increase between January 2024 and January 2025 was 7.5 %, well below the 10 % recorded between January 2023 and January 2024.

Nevertheless, these relatively more moderate increases in nominal rates were still large enough to result in generalised gains in purchasing power among minimum wage earners. Figure 2 shows that national minimum wages in real terms increased in most countries, especially in most central and eastern European Member States: by more than 16 % in Romania, 11 % in Bulgaria, 10 % in Croatia, almost 9 % in Lithuania, 7 % in Czechia and above 5 % in Poland. More moderate gains in purchasing power emerged in Ireland, Slovakia and Estonia (each above 4 %), followed by Portugal, Greece and Hungary (slightly above 3 %) and Malta and Spain (below 2 %).

Minimum wages in real terms remained generally stable in some countries, with either negligible increases (Germany, Luxembourg and France) or negligible decreases (Slovenia and Belgium). The only country where minimum wage earners suffered a more significant decline in purchasing power was Cyprus, where the nominal rate remained unchanged in 2025. As a result, the real rate fell by almost 3 %.

Figure 2: Gains in purchasing power among minimum wage earners – rate of change in gross national minimum wages in real and nominal terms, 22 Member States, January 2024 to January 2025 (%)



Notes: *Data refer to the growth rate between January 2024 and January 2025. 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 those of the calculations based on national non-harmonised consumer price indices. Countries are ranked by magnitude of increases in real rates, and they have been grouped into four clusters. Only the 22 Member States with a national minimum wage are included.*
Source: *Network of Eurofound Correspondents, Eurostat for Harmonised Index of Consumer Prices data (prc_hicp_midx) and Eurofound calculations.*

Continued improvement in the relative level of national minimum wages

The significant increases in national minimum wages in Member States in 2025 reported here are not isolated developments. Eurofound's ongoing annual reports on minimum wage developments reflect the remarkable progress in gross rates observed in recent years in many Member States.

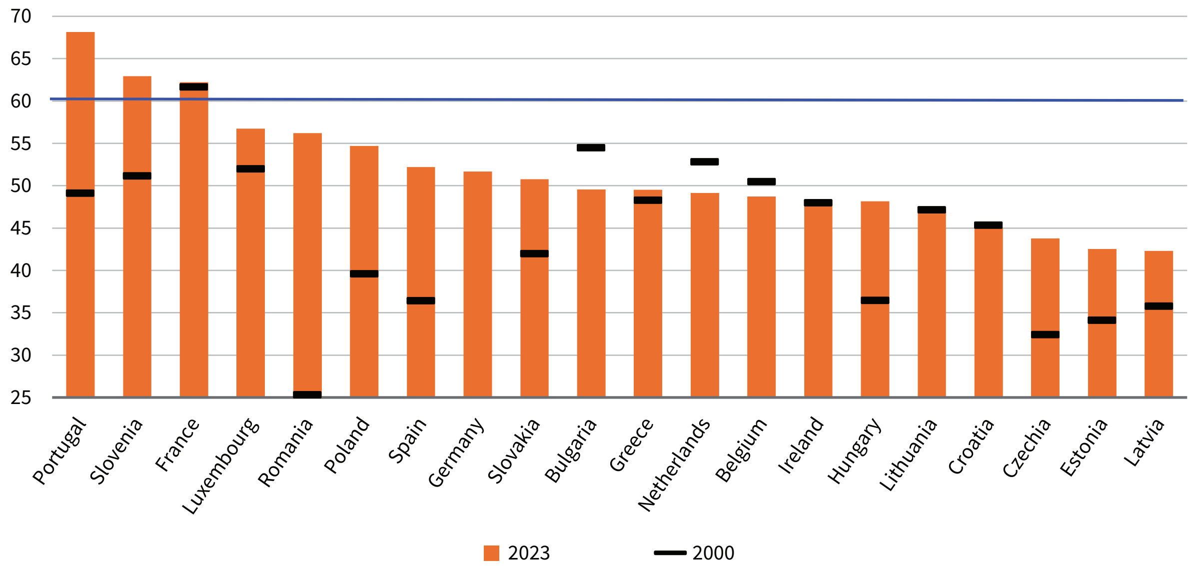
Against this background, and as has been noted earlier, the Minimum Wage Directive seeks to ensure statutory minimum wages are set at adequate levels and, among other criteria, requires Member States to use indicative reference values for the assessment of adequacy. Member States can select these values, but the directive provides examples, which have been discussed at the international level: 60 % of the gross median wage and 50 % of the gross average wage. Such reference values defined in relation to actual wages contribute to the fairness dimension of the adequacy of minimum wage levels.

The natural questions that emerge concern what the exact changes in national minimum wages have been in comparison with the actual average or median wage in Member States and how far the current rates are from the reference values discussed at the international level. Previous Eurofound research has shown that national minimum wage levels have tended to outperform average wage levels in terms of growth in most Member States in the last decade (Eurofound, 2021). Data are presented here that confirm these significant improvements in the relative levels of national minimum wages over the last two decades.

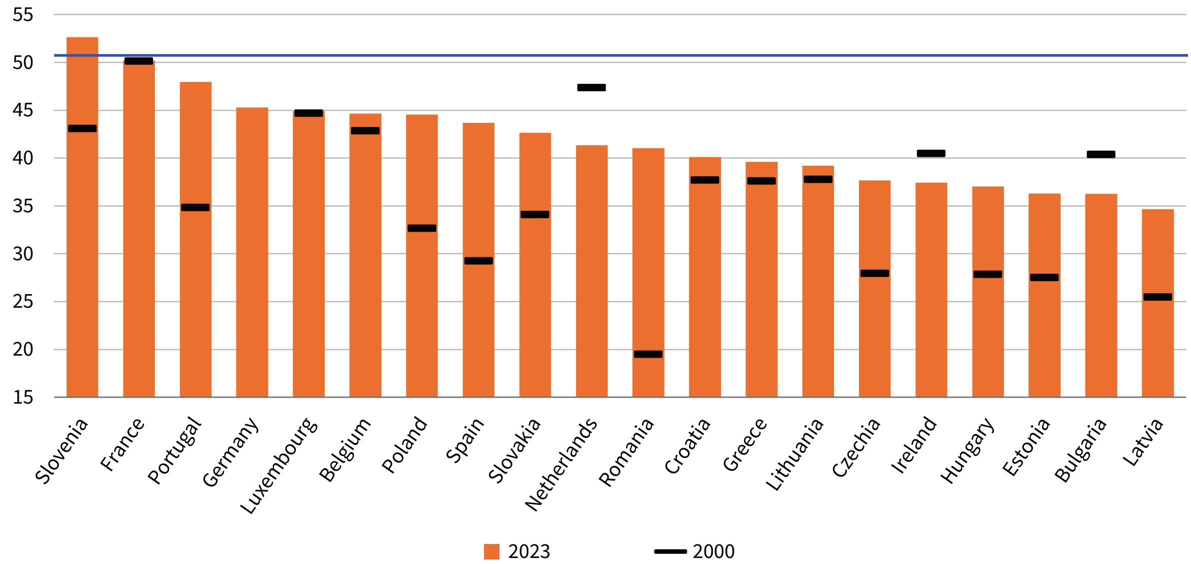
The Kaitz Index is the ratio of the national minimum wage to the average or median wage in a country. Although data on the Kaitz Index have important limitations due to the caveats associated with obtaining high-quality, reliable and comparable information on actual wages in Member States, the most commonly used measures are those from the Organisation for Economic Co-operation and Development (OECD) and Eurostat. Figure 3 shows the OECD data on the Kaitz Index for the ratio of national minimum wages to median (panel a) and average (panel b) wages between 2000 and 2023 (the same data are presented in Tables A1 and A2 in the Annex). Two main insights emerge from these data.

Figure 3: Minimum wages – ratio of national minimum wage to (a) median wage and (b) average wage, EU Member States (Kaitz Index, 2000 and 2023, %)

(a)



(b)



Notes: *The Kaitz Index depicted in this figure represents the share of the national minimum wage relative to the median (a) and average (b) wage in the country (values from 0 % to 100 %). The sample includes only full-time workers, which may explain the discrepancies between the Kaitz Index values and those reported using other national-level data. No data were available regarding Cyprus and Malta. Data for Croatia under the 2000 label refer to 2010.*
Source: *OECD dataset (including only full-time workers).*

First, minimum wages have reached a level of 60 % of the median wage in very few countries, according to the latest available data for 2023 (the countries shown in Figure 3 are ranked by the level of their Kaitz Index). This was the case in Portugal, Slovenia and France. There were several countries where the Kaitz Index fell short of that 60 % goal but was still above 50 %: Luxembourg, Romania, Poland, Spain, Germany and Slovakia. The Kaitz Index was below 50 % in the rest of the countries, and it was closer to 40 % in some of them: Latvia, Estonia and Czechia. Using the threshold of 50 % of the average wage to evaluate the relative level of minimum wages, the picture is quite similar (see panel b of Figure 3): Slovenia and France were the only countries above the 50 % threshold, although Portugal missed it by only a small margin. Germany, Luxembourg, Belgium, Poland, Spain and Slovakia came in close behind, while Latvia, Bulgaria and Estonia were at the very bottom.

Second, the Kaitz Index has increased in the last two decades in most countries, which means national minimum wages increased more than median and average wages over this period. When compared with the median wage, the largest increases (of at least 10 percentage points (pps) between 2000 and 2023) took place in several central and eastern European countries (Romania, Poland, Czechia, Hungary and Slovenia) and Mediterranean countries (Portugal and Spain). The only four countries where the Kaitz Index did not increase were Belgium, Bulgaria, Croatia and the Netherlands. The picture is broadly consistent when using the Kaitz Index relative to the average wage: the same countries show the largest increases, while there are only three countries where the Kaitz Index decreased over the period (Netherlands, Bulgaria and Ireland).

Country data may vary depending on the dataset used. Nevertheless, the general picture provided here is rather robust, as a broadly similar one emerges when using data for the Kaitz Index from Eurostat (see Tables A3 and A4 in the Annex for the ratios of the national minimum wage to the median and to the average wage, respectively). Focusing on the Kaitz Index for average wages (on which information is more complete than that on median wages), there were four countries with levels above 50 %: Portugal and Slovenia, as when using OECD data, but also Spain and Romania in this case. Again, some countries fell just short of that value: Luxembourg, Poland and Germany, as before, but also France and Malta. Bulgaria continued to be at the bottom of this relative classification, together with Estonia and Czechia. In addition, the data reflect the generalised improvement in the Kaitz Index values, which increased between 2010 and 2023 in all countries apart from Belgium, and did so significantly in some of the previously discussed countries: Romania, Spain, Portugal and Croatia.

Box 2: A closer picture of the remarkable growth in national minimum wages

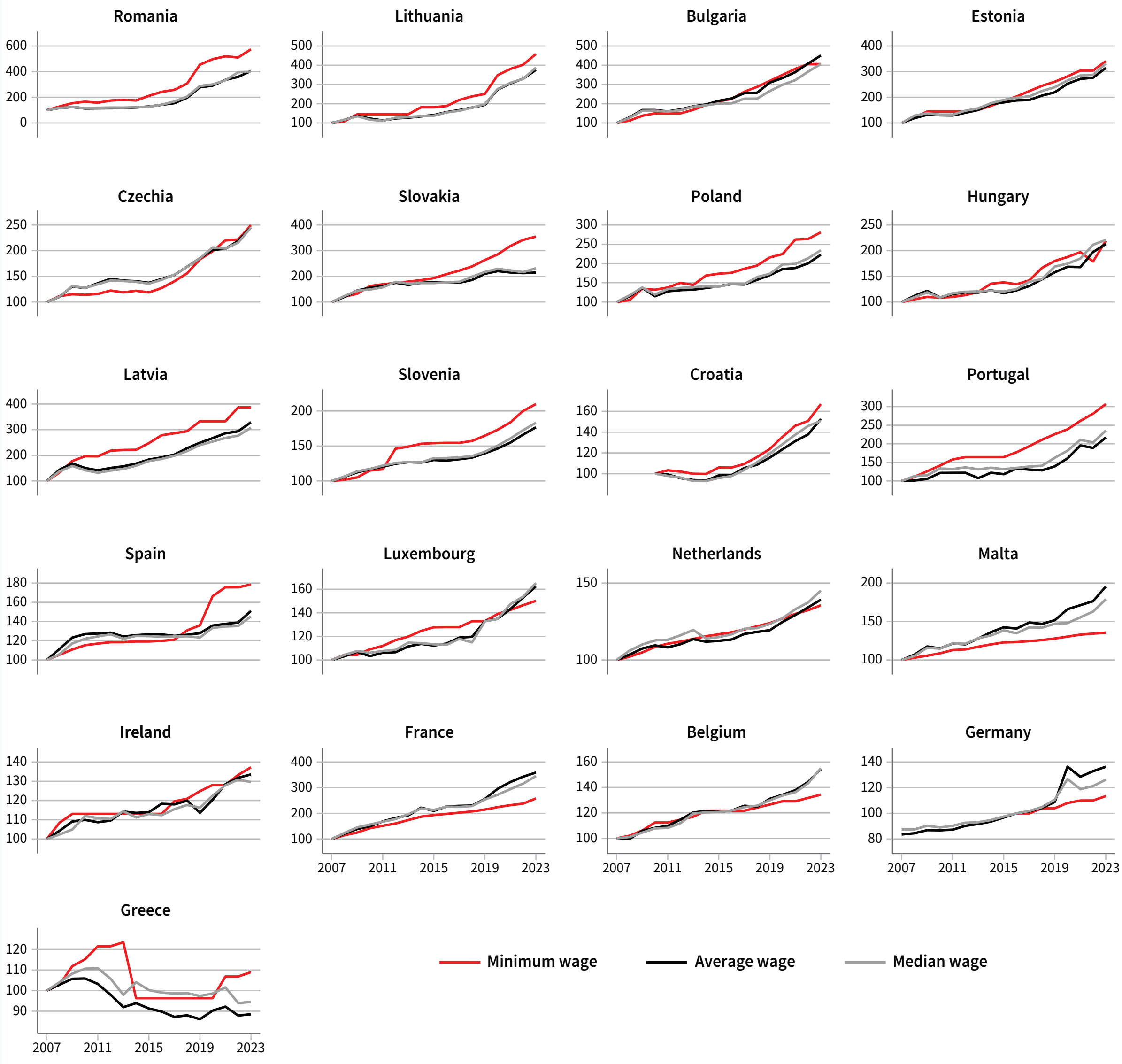
It has been shown that, regardless of the dataset used, the Kaitz Index values have generally increased in Member States over the past two decades. As shown in this box, this is due to the much larger growth in national minimum wages than in average and median wages in most Member States.

A detailed picture is shown in Figure 4, which provides yearly data on the change in national minimum, average and median wages in Member States during 2006–2022, based on alternative wage data from the EU-SILC editions in 2007–2023.

The relative improvement in the position of minimum wage earners is reflected in the larger growth in the national minimum wage levels than in the average and median wage levels in most Member States. Minimum wages have particularly outperformed average or median wages in some central and eastern European countries (Romania, Slovakia, Poland, Latvia and Slovenia), Portugal and Spain (mainly due to the large hike in 2019), which are among the countries where the Kaitz Index increased the most (see Figure 3).

In addition, Figure 4 shows the strong process of convergence taking place in Member States, which has significantly reduced the spread in minimum wage levels. Those countries where national minimum wages increased the most over the period (the first 11 countries in this figure, because countries are ranked by the magnitude of the increase) are all newer Member States, most of which were initially characterised by relatively low minimum wage levels. Conversely, progress was much more subdued among many of the EU-14 countries, whose minimum wage levels were initially much higher.

Figure 4: Change in minimum, average and median wages, Kaitz Index, 2007–2023 (2007 = 100)



Notes: *Data are reported for 2007–2023; however, they refer to 2006–2022, as there is a one-year lag in the EU-SILC data, and data on minimum wages have been matched to the year of the EU-SILC edition. Data on monthly statutory minimum wages, average wages and median wages are provided as indices (2007 = 100, except in Croatia and Germany). Countries are ranked by the magnitude of the growth rate of minimum wages over the period. Cyprus has not been included since it adopted a national minimum wage only in 2023.*
Sources: *Eurofound calculations based on EU-SILC (average/median wages) and Eurostat (minimum wages) data.*

Recent trends in collectively agreed minimum wages

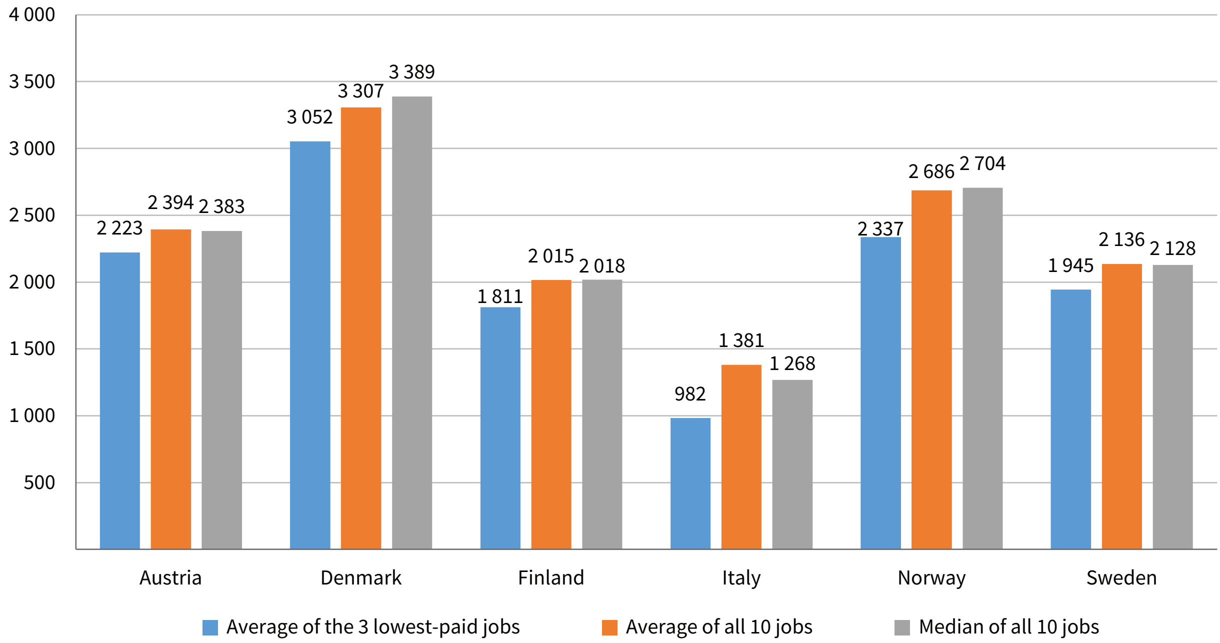
This section focuses on minimum wage developments in countries without a national minimum wage: Austria, Denmark, Finland, Italy, Norway and Sweden. These countries all have a multitude of minimum wage rates, determined in a large number of collective agreements that vary in their level, scope and availability. For more details on the wage-setting process, see the Eurofound minimum wage country profiles (Eurofound, undated). Therefore, the analysis presented in this section follows the approach developed for and applied in previous reports in this series, focusing on 10 low-paid jobs selected because they employ high numbers of workers. The largest collective agreements for these jobs were selected and analysed to determine the minimum wage rates contained therein. The selected jobs are: (1) domestic cleaners, (2) cleaners and helpers in offices, hotels and other establishments, (3) shop sales assistants, (4) waiters and bartenders, (5) cooks, (6) home-based personal care workers, (7) childcare workers, (8) agricultural, forestry and fishery labourers in standard employment, (9) agricultural, forestry and fishery labourers in seasonal employment and (10) couriers and newspaper or parcel deliverers (for a description of the methodology, see Eurofound, 2021; 2022, both p. 14). The main reasons for using this focused approach in these annual reviews are timeliness – data are available for up to 2025 and can be compiled relatively quickly within the time available for this report – and resources.

A larger sample of collective agreements for low-paid workers was published in the Eurofound database (covering January 2015 to December 2022) and will be updated later in 2025. A comparison of the 10-job approach with the larger sample for 2016–2022, and the average collectively agreed wage changes based on information from national statistical offices, can be found in other research by Eurofound (2024, p. 82). The results show that the three methodologies, based on very different samples, result in largely comparable wage levels and developments, with some deviations depending on the country. This supports the assumption that the 10-job methodology used here can be regarded as a good approximation to use when mapping trends in negotiated wage floors in these six countries.

Minimum wage levels in 2025: a cross-country snapshot

The minimum wage levels calculated using the 10-job methodology, with reference to 1 January 2025, are shown in Figure 5. The average wages of the 10 low-paid jobs in January 2024 ranged from EUR 1 381 in Italy to EUR 2 015 in Finland, EUR 2 136 in Sweden, EUR 2 394 in Austria, EUR 2 686 in Norway and EUR 3 307 in Denmark. In addition, there were notable differences among the 10 selected jobs: the average of the three lowest-paid

Figure 5: Collectively agreed average and median monthly wages in 10 low-paid jobs, January 2025, EU Member States (EUR)



Notes: *Rates for countries with more than 12 monthly wage payments per year were converted by dividing the annual total 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 area were converted from national currencies 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*

jobs in Denmark was EUR 383 lower than the average of the other seven. This difference was EUR 244 in Austria, EUR 274 in Sweden, EUR 291 in Finland, EUR 500 in Norway and EUR 570 in Italy.

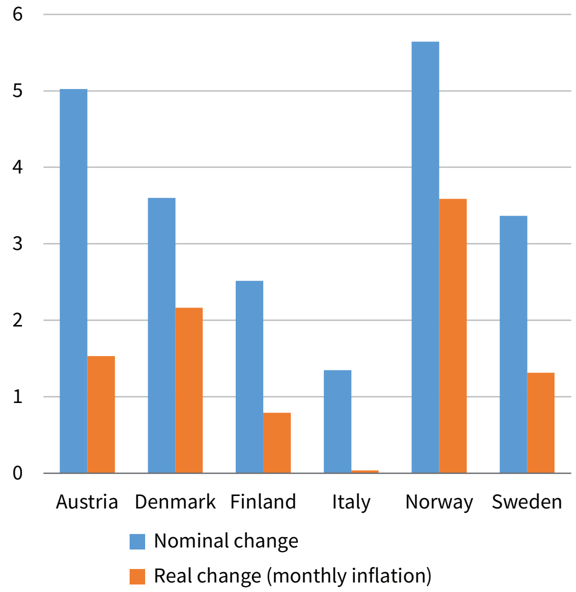
One-year developments: wage growth in 2024 and real gains

Averaged over the 10 low-paid jobs, growth rates between January 2024 and January 2025 also differ substantially between countries (Figure 6). In nominal terms, the collectively agreed minimum wages grew the most in Norway (5.6 %) and Austria (5.0 %), and the least in Italy (1.3 %) and Finland (2.5 %). Inflation levels in 2024 were generally moderate but positive, with some variation between countries; therefore, changes in purchasing power were significantly lower than these nominal growth rates. In Austria, for example, the relatively high 3.4 % change in price levels between January 2024 and January 2025 meant that the nominal rate increase of 5.0 % translated into a real gain of only 1.5 % for workers. However, unlike in previous years, when inflation levels were much higher, in 2024, none of the countries displayed a real decrease in purchasing power for the average of the 10 jobs. In Italy, the average rate increase in 2024 almost completely compensated for inflation, leaving virtually no real gain on average (0.0 %).

Five-year trends: diverging wage paths since 2020

Remarkably, the countries with the lowest wage levels among the six Member States also appear to display the lowest growth rates, meaning that the distance to the other countries increased during 2024. To investigate if these divergent trends hold in the longer term, Figure 7 shows the wages of the 10 jobs in 2020 against the change in real wage levels since then. Looking at this five-year period, it is noteworthy that, for most of these jobs, wages have decreased in real terms since 2020. In addition, distinct dynamics emerge between countries. Individually, for Italy, Denmark and Norway, jobs with higher wage levels in 2020 generally tended to have lower growth rates in the following years than jobs with lower wages, meaning that the points trace a downward-sloping curve in Figure 7. This implies that, within these countries, pay rates tend to converge among the 10 jobs.

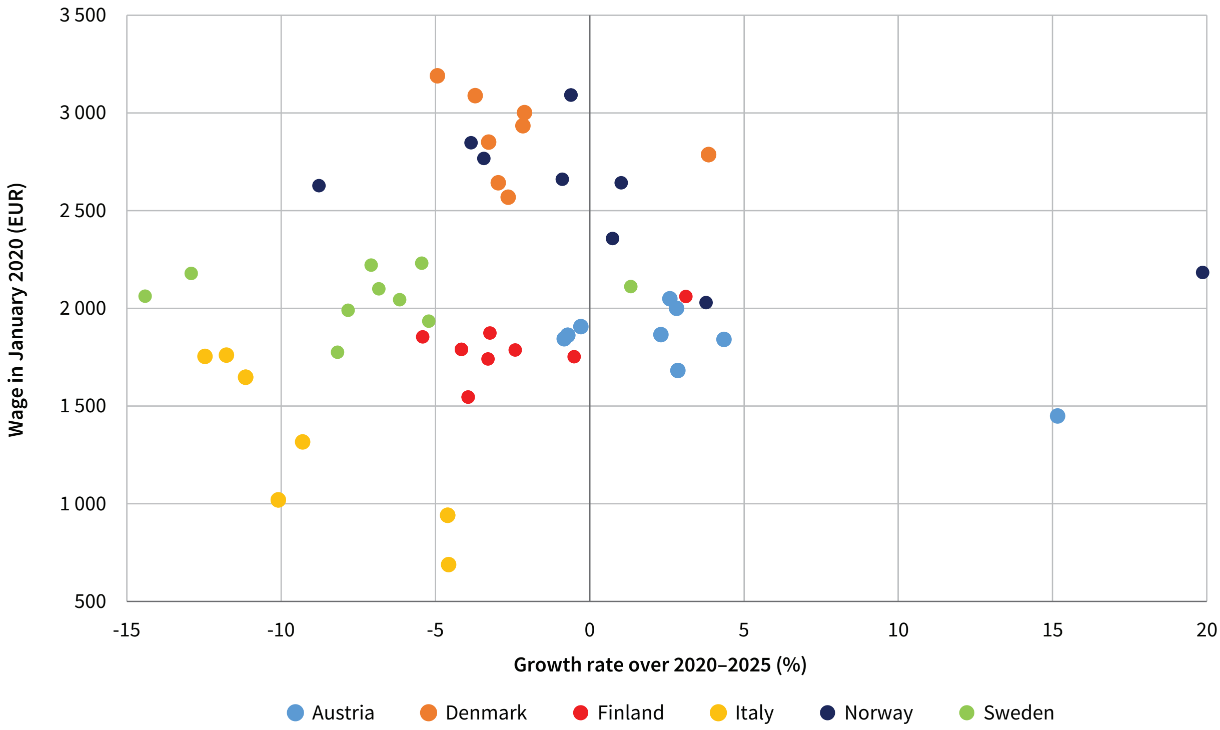
Figure 6: Changes in average monthly minimum wages set in collective agreements for 10 low-paid jobs, in nominal and real terms, 1 January 2024 to 1 January 2025 (%)



Notes: *Change is calculated in national currencies. Many agreements were renewed during the year. Rates agreed after 1 January 2025 were not taken into account. Real values were calculated using monthly inflation data and comparing price levels in January 2024 and January 2025 (prc_hicp_midx).*
Source: *Network of Eurofound Correspondents, based on collective agreements and Eurostat data.*

However, comparing nominal collectively agreed minimum wage levels between countries, the dynamics are more diverse. Most strikingly, workers in Italy had some of the lowest wage levels in 2020 among the six countries, while also displaying some of the lowest growth rates in the following years. This implies that wages in Italy for the 10 low-paid jobs are increasingly falling behind those in the other countries. The average gap in rates in these 10 jobs between Italy and Finland, the country with the next lowest average minimum wage level in the selected collective agreements, has increased from EUR 460 to EUR 536 since January 2020 (+ 17 %). In contrast, Austria experienced the highest growth over the five-year period (+ 2.8 %). This reduced the gap between it and Denmark – the country with the highest average wage level – from an average of EUR 1 098 to EUR 1 015 (– 7.6 %).

Figure 7: Collectively agreed real minimum wages in January 2020 compared with real growth for the 10 low-paid jobs, January 2020 to January 2025



Note: *Growth rates reflect the change in real monthly wages between January 2020 and January 2025.*
Source: *Network of Eurofound Correspondents, based on pay rates set in the largest collective agreements related to the 10 jobs.*

Net values of minimum wages in 2024

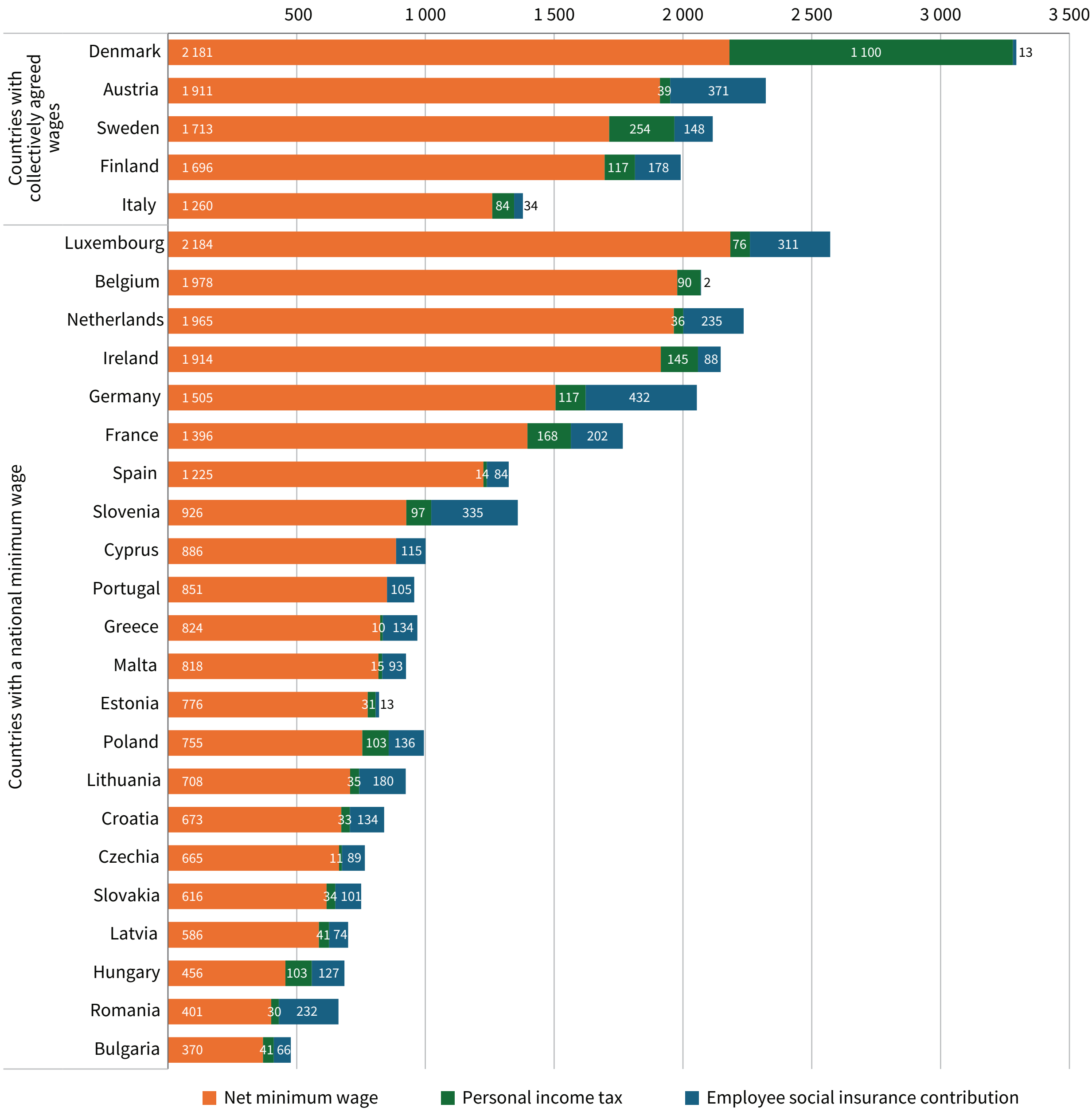
So far, this chapter has presented gross national minimum wages in both nominal terms (as set by policymakers) and in real terms (rates that determine the purchasing power of those minimum wage levels once inflation is taken into account). Nevertheless, this provides only a partial picture of the wages that minimum wage earners put in their pockets, because the tax and benefits systems, which vary greatly between Member States, still need to be taken into account.

This section provides a comparison between Member States in terms of net wages, or the take-home pay of minimum wage earners, which results from deducting personal income tax and employee social insurance contributions from the gross minimum wage rate set by law. The results are shown in Figure 8 for 2024, using the Euromod tax–benefit microsimulation model (which does not provide more up-to-date data), with an assumed household of a single 40-year-old without children, working 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). Countries without a national minimum wage have been included, although the results are not strictly comparable to those of countries with national minimum wages and must be interpreted with caution [6].

The position of the countries (ranked in Figure 8 based on their minimum wage net values) is broadly similar regardless of whether net or gross rates are considered. However, the variations in tax and benefit systems between countries introduce some significant differences. For instance, the monthly gross minimum wage rates were generally similar in June 2024 in Spain and Slovenia. However, the take-home pay for minimum wage earners was significantly higher in Spain due to Slovenia's larger personal income tax and, in particular, employee social security contributions for minimum wage earners. The same occurred between Belgium and Germany, which had similar gross rates; however, the net rate was much higher in Belgium. By contrast, the take-home pay of minimum wage earners was similar in Belgium and the Netherlands, despite the gross rate being significantly higher in the Netherlands.

(6) For countries without a national minimum wage, a unique wage floor was calculated based on the average of the collectively agreed wages in the 10 lowest-paid jobs in those countries, using data provided by the Network of Eurofound Correspondents. This is a statistical construction, as there is no single minimum wage level in these countries. Therefore, the results should be interpreted with caution because they do not necessarily represent the precise situation of an employee covered by a particular collectively agreed wage floor.

Figure 8: Breakdown of the monthly gross minimum wage into net minimum wage, personal income tax and employee social insurance contributions EU-27, June 2024 (EUR)



Notes: *The total length of the bar refers to the gross monthly minimum wage, which is then broken down into the net minimum wage, personal income tax and employee social insurance contributions 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 values of the gross monthly minimum wage have been converted to reflect 12 payments. Data refer to June 2024, which is the month of reference for the Euromod tax–benefit model. For countries without a national minimum wage, the average of the 10 low-paid jobs is used as the reference value. For countries not in the euro area, the minimum wages were converted from national currencies to euro by applying the monthly exchange rate of the end of the previous month (May 2024). Countries are ranked by the value of their net minimum wage.*
Source: *Eurofound calculations based on Euromod J1.0+.*

Role of tax and benefit systems in shaping net wages

A closer look at the effect of the tax and benefit systems is given in Figure 9, which provides information on the total taxation for minimum wage earners, calculated as the difference between the employee tax rate (including personal income tax and employee social insurance contributions) and the benefits that minimum wage earners receive; countries are ranked based on this total taxation rate, from lowest to highest. This total taxation rate ranged from less than 5 % in Belgium (and close to it in Malta and Estonia), to almost 40 % in Romania (and above 30 % in Slovenia and Hungary).

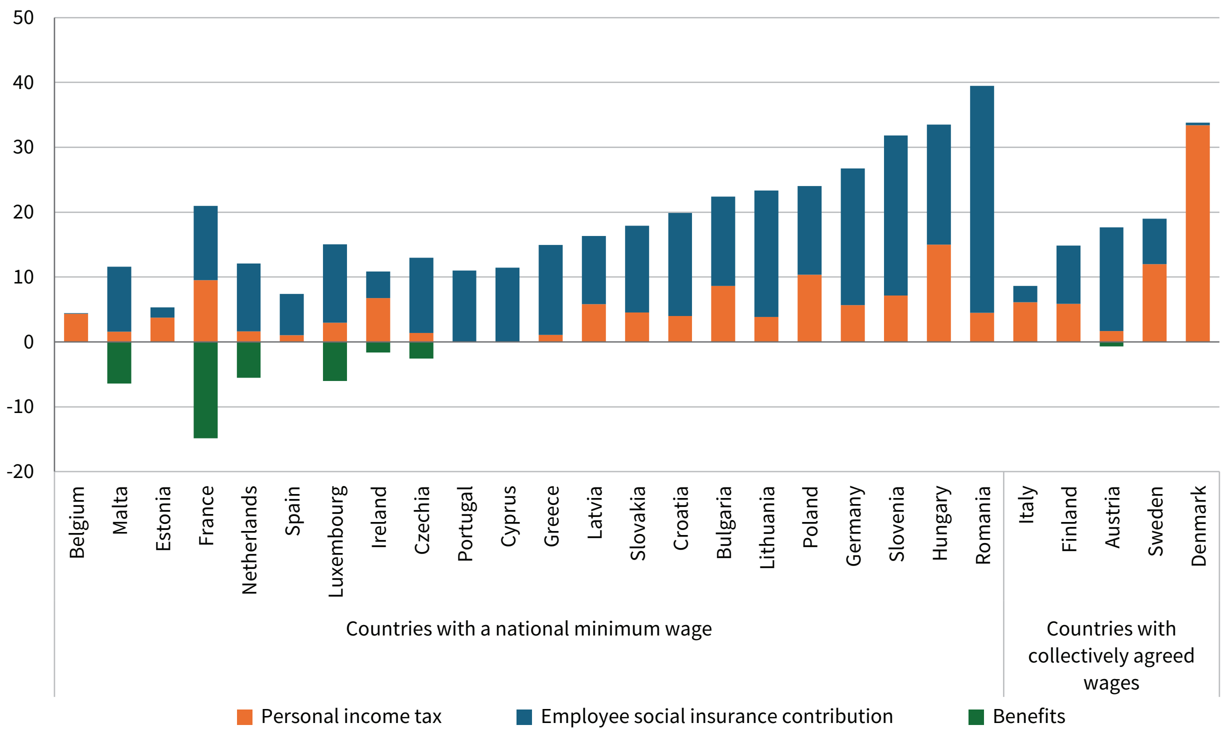
In 2024, two countries did not apply personal income tax rates to gross minimum wages: Cyprus and Portugal. Others applied very low rates (up to around 1 % of the gross rate): Spain, Greece, Czechia and Malta. In contrast, personal income tax was highest in Hungary and Poland (both above 10 %). Employee social insurance contributions were paid in all countries, although the rate varied from less than 1 % in Belgium to 35 % in Romania.

The taxation rate is generally higher in countries with collectively agreed wage floors, ranging from below 9 % in Italy to almost 34 % in Denmark. Among these countries, the personal income tax rate was above 10 % in Sweden and above 30 % in Denmark. Nevertheless, results for countries without a national minimum wage must be interpreted with care. For instance, regarding the 10 % personal income tax in Sweden indicated by Euromod, Eurofound's Swedish correspondent notes that the personal income tax for the lowest monthly collectively agreed wage corresponds to 15 %, while those earning less than SEK 2 000 (EUR 175, as of 1 January 2025) monthly do not pay personal income tax.

The employee tax rate, which includes personal income tax and employee social security contributions, ranged from around 5 % in Belgium and Estonia to almost 40 % in Romania, of those countries with a national minimum wage.

Minimum wage earners were entitled to some type of in-work or social benefit, because their wages fell below certain income thresholds modelled in Euromod, in six countries with national minimum wages: France (the benefit rate reaching almost 15 % of the gross monthly minimum wage), Malta, Luxembourg and the Netherlands (all around 6 %), and Czechia and Ireland (around 2–3 %). Among countries with collectively agreed wages, Austria also had a small benefit rate. Detailed information on the benefits included in the Euromod modelling is available in the Euromod country reports (7).

Figure 9: Average personal income tax, employee social insurance contribution and social benefits as a percentage of the gross minimum wage for a single person, EU-27, June 2024 (%)



Notes: *Data refer to June 2024, which is the month of reference for the Euromod model. For countries without national minimum wages, the average of the 10 low-paid jobs was used as the reference value. Countries are ranked by their total taxation rate (from lowest to highest), calculated as the total of personal income taxes and employee social insurance contributions, minus benefits.*
Source: *Eurofound calculations, based on Euromod J1.0+.*

(7) The benefits included in Euromod in these countries are the activity allowance (*Prime d'activité*) for low-income workers in France; energy/heating benefits to address higher costs of living in Ireland, Luxembourg and Malta; a care allowance in the Netherlands; a housing benefit (*Prispevek na bydlení*) in Czechia; and a regional climate bonus in Austria.

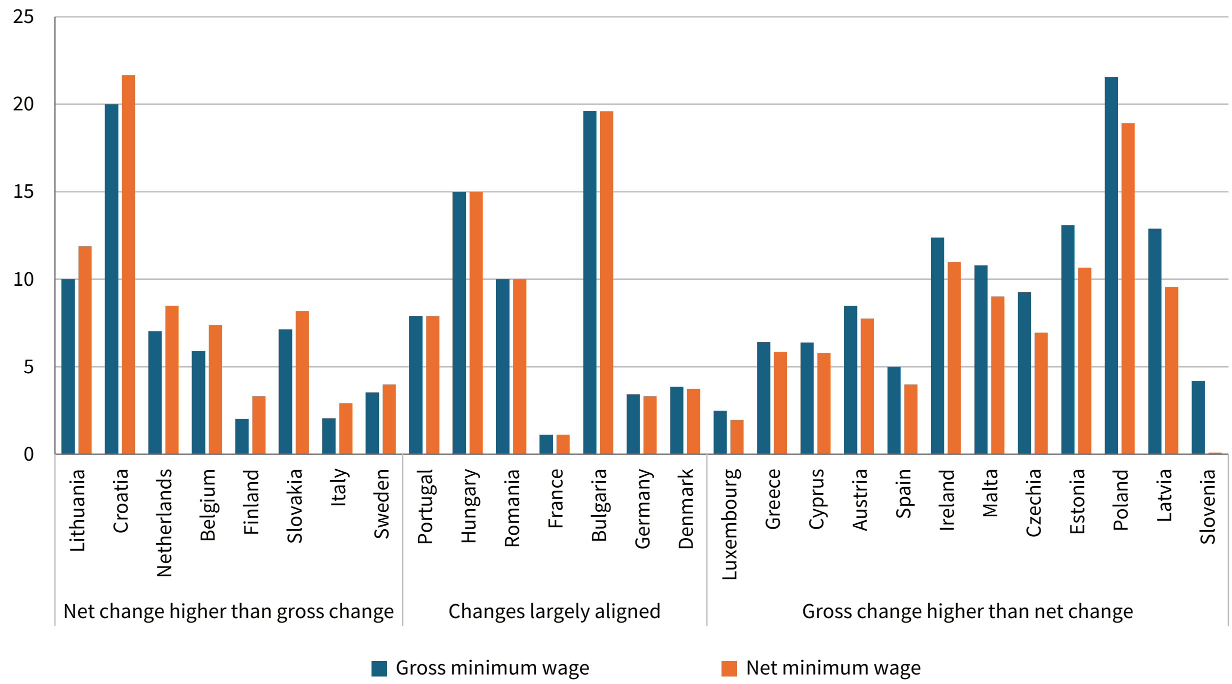
Gross–net discrepancies in minimum wage growth

If significant changes occur in how tax and benefit systems affect minimum wage earners, a discrepancy may emerge between gross and net minimum wage growth. Figure 10 shows that, when considering the changes between 2023 and 2024, three groups of countries can be identified. One covers countries where minimum wages grew more in net terms than in gross terms, reflecting a relative fall in the taxation of minimum wage earners. This occurred in Lithuania, Croatia, the Netherlands, Belgium and Slovakia. It also occurred, to a lesser extent in general, in three countries without national minimum wages: Finland, Italy and Sweden.

A second group comprises countries where minimum wages developed similarly in gross and net terms: Portugal, Hungary, Romania, France, Bulgaria and Germany (and Denmark, among those with collectively agreed wages).

The last group of countries is those where minimum wages grew more in gross terms than in net terms, reflecting a relative increase in the taxation of minimum wage earners. This is the largest group, and the discrepancy between the two magnitudes was largest in Slovenia (where, according to Euromod, the net value of the minimum wage remained relatively unchanged), followed by Latvia, Poland, Estonia, Czechia, Malta, Ireland and Spain.

Figure 10: Changes in net and gross minimum wages, EU-27, June 2023 to June 2024 (%)



Note: *Countries are clustered into three groups based on the difference between changes in net and gross minimum wage rates.*
Source: *Eurofound calculations, based on Euromod J1.0+.*

2 Minimum wage setting for 2025

This chapter summarises how the national minimum wage rates for 2025 were set (mainly during 2024). It begins with a summary of changes to minimum wage regulations not directly linked to the transposition of the Minimum Wage Directive. Then, it reports on the processes for setting the minimum wage for 2025 and summarises debates on changes to aspects of minimum wage setting and other national policy debates that are related to minimum wages.

Changes in regulations not linked to the directive

Most countries – particularly those with statutory minimum wages – changed their legislation on minimum wage setting and uprating during 2024. Most of these changes were made in the context of the transposition of the Minimum Wage Directive. These changes will be presented in detail in Chapter 3. In a few countries, however, changes to minimum-wage-setting regulations were made that are not linked to the transposition of the minimum wage directive.

One example is **Czechia**, where the Labour Code, Section 112, traditionally included the so-called 'guaranteed wage'. As of 2025, guaranteed wages in the private sector have been abolished and, going forward, only the minimum wage rate applies. However, in the state sector, guaranteed salaries will remain in force as of 1 January 2025, but only for four groups instead of the original eight. These groups are differentiated according to the complexity of the work and the levels of responsibility and effort required. The lowest level of the guaranteed wage in the first group corresponds to the basic level of the minimum wage; the others are 1.2, 1.4 and 1.6 times the minimum wage.

In **Latvia**, Article 6 of Regulation No 730 sets out one case in which the government may adjust the level of the minimum wage agreed by the social partners in the National Tripartite Cooperation Council (NTSP). If the fiscal impact of the proposal to increase the minimum monthly wage – in terms of impact on state and local government budget revenues and expenditures – is greater than the impact taken into account in the fiscal structural plan of Latvia for the period, the Cabinet of Ministers adopts a decision to increase the minimum monthly wage when preparing and reviewing the draft law on the state budget for the current year and the medium-term budget framework, together with the applications for priority measures of all ministries and central state institutions, in accordance with the financial capabilities of the state budget.

Process for setting minimum wages for 2025

Figure 11 provides an overview of the institutions and mechanisms involved in minimum wage setting as well as the roles of social partners. In terms of the broader institutional setting of minimum wages, there were no substantial changes affecting the setting of rates for 2025. Spain reinstated an expert committee, but this was already in place on a temporary basis. However, a few countries applied new procedures or new aspects of their minimum-wage-setting frameworks for the first time.

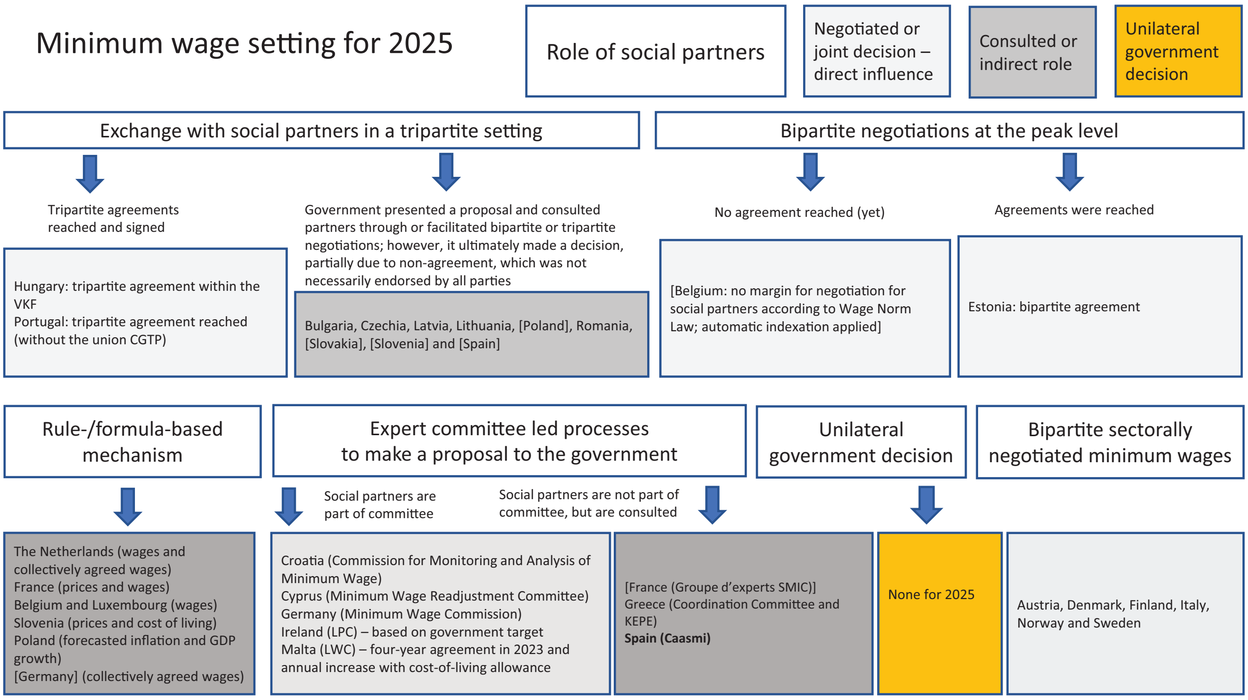
Recent changes to minimum wage setting

Czechia and Latvia have applied the reformed mechanisms for minimum wage uprating – which were changed in the context of the transposition of the Minimum Wage Directive for the first time during 2024 to set the rates for 2025. In **Czechia**, a new uprating mechanism – which was developed and debated over many years – was implemented for the first time.

Latvia's reform included a clearer definition of the form of involvement of social partners and some procedural changes, alongside adjustments to the criteria considered during the uprating process. The rates for 2025 were agreed simultaneously with the debates on this reform. More information on these reforms is presented in Chapter 3.

In **Hungary**, social partners reached a three-year agreement on minimum wage increases. The deteriorating economic environment became an issue in the negotiations, and the agreement contains a mechanism for renegotiation should economic fundamentals change significantly over time.

Figure 11: Institutional setting of minimum wages for 2025 and social partner involvement



Note: *Caasmi, Advisory Commission on Minimum Wages; CGTP, General Confederation of the Portuguese Workers; KEPE, Centre of Planning and Economic Research; LPC, Low Pay Commission; LWC, Low Wage Commission; SMIC, Salaire minimum interprofessionnel de croissance; VKF, Permanent Consultation Forum of the Government and the Competitive Sector. Bold indicates a country's approach changed from that of the previous year. Square brackets indicate a secondary approach rather than the dominant one for the country for the 2025 rates.*
Source: *Eurofound.*

Spain reinstated the (temporary) Advisory Commission on Minimum Wages (Caasmi), which had already provided advice to the government on minimum wage uprates during 2021 and 2022; however, it was not included in the wage-setting process for 2023.

Table 4 provides a summary of the application of altered procedures in 2024.

Table 4: First-time application of the altered minimum-wage-setting procedures in 2024

Country	How the rates for 2025 were uprated
Czechia	**New formula for uprates implemented to gradually reach 47 % of average wages** Based on the amended Section 111 of Act No 262/2006 Coll. (Labour Code), the Ministry of Finance issued a communication of 23 August 2024, predicting the average gross wage for the 2025 calendar year, which amounted to CZK 49 233. Subsequently, by its regulation of 18 September 2024 and after prior consultation with social partners and taking into account the adequacy analysis, the government set two coefficients for calculating the minimum wage for 2025 and 2026 (0.422 for 2025 and 0.434 for 2026), by which the predicted average gross wage for a given year is multiplied. Based on this government regulation and the communication of the Ministry of Finance, the Ministry of Labour and Social Affairs calculated the minimum wage for 2025 and announced it in its communication of 23 September 2024. The process will be repeated in 2025 to calculate the minimum wage for 2026. In 2025, the ratio of the minimum wage to the average wage is expected to be approximately 42.2 % or 43.4 % in 2026. In the following years, the ratio of the minimum wage to the average wage should gradually increase to the limit of 47 % set by the Labour Code.

Country	How the rates for 2025 were uprated
Hungary	**Tripartite agreement over three years targets 50 % of average wages** The minimum wage negotiations occurred as usual, within the tripartite framework of the Permanent Consultation Forum of the Government and the Competitive Sector (VKF). Negotiations started relatively early, in mid-summer. Initially, the workers' side demanded a minimum wage well above a 10 % increase, and employers offered 6–8 %. Initially, positions converged relatively easily. However, in November, the Hungarian Central Statistical Office released particularly negative gross domestic product data: in the third quarter of 2024, Hungarian real gross domestic product contracted by 0.7 % both year-on-year and quarter-on-quarter. This changed the mood of the negotiations. These data confirmed the employers' argument about the uncertainty of the economic outlook. Therefore, labour representatives accepted a single-digit minimum wage increase of 9 %. The guaranteed minimum wage will increase by a smaller amount: 7 %. At the same time, the social partners have agreed on a three-year minimum wage development: after a 9 % increase in 2025, the minimum wage will increase by 13 % in 2026 and 14 % in 2027 (in 2025, HUF 290 800; in 2026, HUF 328 600; and, in 2027, HUF 374 600). The conditions for this were based on three indicators: the rate of change in gross domestic product, inflation and gross wages. The agreement stipulates that, if the arithmetic sum of the deviations in the indicators exceeds 1 pp, either positively or negatively, based on the average actual data for the first three quarters of the year under review, the members of the VKF will renegotiate the rate of increase of the minimum wage for 2026 and 2027. The VKF's three-year wage agreement sets a target of a minimum wage of 50 % of the average regular gross earnings by 2027, which has also been stipulated in the revised Minimum Wage Regulation.
Latvia	**Uprate for 2025 discussed alongside the transposition of the directive and a tax reform** There was a deviation from the standard process for determining the national statutory minimum wage because, in 2024, the government introduced Regulation No 730 (transposing the Minimum Wage Directive), and the minimum wage for 2025 was determined in accordance with this regulation. In addition, the determination of the minimum wage for 2025 was embedded in the ongoing process of comprehensive tax reform. In bilateral negotiations, the social partners (the Free Trade Union Confederation of Latvia (LBAS) and the Employers' Confederation of Latvia (LDDK)) agreed on an increase in the minimum wage in 2025 to EUR 740; the establishment of a fixed, non-taxable minimum of EUR 500; and the introduction of a schedule for the increase of the minimum wage and the non-taxable minimum for the coming years, the goal of which is to reach a minimum wage level of 50 % of the average wage in the national economy, taking as a basis the 12-month average wage from the first quarter of the previous year to the second quarter of the year before last. In 2025, according to the social partners' agreement, the minimum wage will be set at 47 % of the average wage in the reporting period, and, in the following years, this ratio will increase by 0.5 % until it reaches 50 % of the average wage in the national economy. The non-taxable minimum should reach 80 % of the minimum wage. Social partners are aware that the introduction of a fixed, non-taxable minimum will incur significant costs for the budget, so they have agreed to maintain it at EUR 500 in 2025, taking into account the introduction of a fixed, non-taxable minimum, which will result in an increase in net wages at all wage levels. However, starting from 2026, it should increase to 75 % of the minimum wage level, and 80 % should be reached in 2027. Negotiations with the government ultimately resulted in a value of 46 % of the average gross wage in the most recent 12 months for which data are available being included in the new Minimum Wage Regulation (No 730).
Spain	**New temporary expert committee appointed** A new expert committee appointed by the Ministry of Labour was tasked with providing an analysis of the change in the minimum wage and making recommendations on the increase for 2025. The expert group was composed of representatives of social partners, academics and members of the Ministry of Labour. The process for the uprating of the rates for 2025 was carried out in two steps. First, the government commissioned the development of a report containing a recommendation for the 2025 increase from the expert group. Second, the government involved the four most representative social partners at the national level in three tripartite meetings to sign an agreement. Based on the report, the government met with social partners to try to reach a final decision on the 2025 increase. Despite the government's attempts, a tripartite agreement was not reached. The final decision was only agreed with the trade unions. The employers did not support the agreement for two main reasons. First, the employers thought that the maximum increase for 2025 should be 3 %, which was below the proposal made by the government. Second, the government refused to accept some of the conditions proposed by the employers. These included tax deductions for companies in the agricultural sector in order to alleviate the increase in labour costs triggered by the increase in minimum wages, and the reform of public procurement in order to adapt the conditions to increases in inflation and/or minimum wages.

Source: *Network of Eurofound Correspondents.*

Business as usual – by and large

In most Member States with national minimum wages, the decisions taken during 2024 to uprate the rates for 2025 were made in a 'business as usual' scenario. This expression should not downplay the difficulties and efforts inherent in the regular process of discussing and negotiating increases. Different opinions, requiring consensus building among the actors involved, are an integral part of this wage setting in (almost) every country.

However, such exchanges are typically conducted through the wage-setting institutions, and there were no major deviations from established processes. For the 2025 rates, decisions were made in accordance with protocols and the established procedures in all countries that have procedures led by an expert committee and/or guided by a formula that took such decisions during 2024: Croatia, France, Greece, Ireland and the Netherlands.

Likewise, in countries with tripartite negotiations and consultations – Bulgaria, Lithuania, Poland, Romania, Slovakia and Slovenia – the regular consultation and negotiation procedures were applied, and no major deviations from these processes were noted.

However, a dispute in Bulgaria was notable. The setting of the minimum wage rate for 2025 happened based on previous practice (the government proposed it based on the law that sets the national minimum wage at 50 % of average wages, consulted the social partners and took a decision). Nevertheless, the decision sparked a dispute, with the Bulgarian Industrial Capital Association (BICA) requesting the annulment of the decree (for more information, see section 'Debated changes to minimum wage setting – beyond the directive').

In **Poland**, since 2010, the Social Dialogue Council has failed to reach an agreement, and, for the last 15 years (2010–2024), the government has made decisions on minimum wage increases. Likewise, in **Slovakia**, social partners were unable to reach an agreement by the deadline of 15 July 2024; therefore, the government decided on the level of the increase.

In **Slovenia**, although the Tripartite Economic and Social Council (ESS) was not operational from July 2023 to June 2024 due to the employers' refusal to participate, setting the minimum wage for 2024 adhered to the established procedures set out in legislation, thus involving key stakeholders.

Likewise, in **Estonia**, where the national minimum wage is based on a social partner agreement, the process was the same as usual. The peak-level social partners, the Estonian Employers' Confederation (ETKL) and the Estonian Trade Union Confederation (EAKL), negotiated the minimum wage rate and concluded an agreement for 2025. The criteria the social partners considered were the same as usual; in addition, the negotiations were based on the goodwill agreement concluded in 2023. The goodwill agreement sets targets for increasing the minimum wage until 2027. It states that the minimum wage should be set at 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.

In **Romania**, 2024 was largely business as usual in terms of procedure, although some elements of the new regulations were already implemented. The July increase was announced well in advance (the unions had been requesting it since October 2023), with some disagreement on the timing: the unions initially requested the increase take place in March, while the employers wanted to delay it until September. In May 2024, a research institute under the responsibility of the Ministry of Labour presented the social partners with an analysis commissioned by the government, with the purpose of defining criteria and agreeing on a 'formula' for setting the minimum wage. The institute proposed going back to the formula used in 2019: raising the minimum wage by a percentage equal to the sum of inflation and labour productivity growth. The government did not explicitly use this to set the rate for 2025; however, the new law transposing the directive (Law 283/2024) stipulates that the government should base its decision on the analysis of a research institute. The law also stipulates that the statutory minimum wage is set according to an 'approximate' (*orientativ*) reference level of '47–52 % of the average wage'. This was the only explicit criterion for the January 2025 increase: the minimum wage should be set at 47 % of the average wage. In February 2025, the government adopted Decision No 35, which stipulates that the minimum wage will be increased annually by the percentage sum of the forecast inflation and real labour productivity growth, as recommended by the research institute.

No decisions on uprates taken during 2024

Belgium (which also has an automatic indexation mechanism, based on a biannual social partner agreement), Cyprus and Germany take decisions on uprating their national minimum wages every second year. In **Belgium**, only the increases resulting from automatic indexation were provided, as due to the 'wage norm' ([8]) there was no margin for social partners to agree on a higher increase. In **Cyprus**, the rate remained unchanged from 2024. In **Germany**, new rates were implemented in line with the last decision taken in June 2023 for 2024 and 2025.

Likewise, in **Malta**, a decision on increases for the next four years was taken based on the recommendation of the Low Wage Commission in 2023, covering the rates for 2024–2027.

Setting the collectively agreed minimum wages in 2024

The process of setting collectively agreed minimum wages at the sectoral or industry level is inherently different from the processes in countries with a national minimum wage because a multitude of actors are involved, and bargaining rounds – despite being scheduled and coordinated in some cases – may take place throughout the year. The analysis of averages presented in the section 'Recent trends in collectively agreed minimum wages' in Chapter 1 masks differences

([8]) See the Belgium minimum wage country profile for background information on how minimum wages are uprated, https://www.eurofound.europa.eu/en/topic/minimum-wage/belgium.

between individual industries and jobs; however, these differences become more evident when comparing the collective agreements that were and were not renewed in 2024.

For workers in **Austria**, being in the second year of a recession meant that the agreements concluded in 2024 generally only included nominal rate increases of approximately 4 %, with employers citing the poor economic situation as justification. However, some rate increases were already agreed on in 2023, which meant that, for example, the hotel and catering industry had significantly larger increases.

In contrast, for couriers in **Denmark**, the current collective agreement has been valid since 2023 and no rate increases were expected in 2024. A new agreement was expected for March 2025. Public employees had a significantly better year: a tripartite agreement reached in December 2023 on an extraordinary framework for wages and working conditions worth DKK 6.8 billion (EUR 0.91 billion) set out expectations for a rate hike for 2025. Workers such as nurses, childcare workers, social security workers or prison guards are to receive quite significant wage increases – for example, 5.8 % for home-based care workers and childcare workers.

In **Finland**, 2024 was the last year of most currently active agreements, the majority of which were valid for two years and expired in early 2025. These covered sectors such as road transport, ports, commerce, tourism, catering and leisure, food, construction, central government and local government (SAK, 2024). The result of the last bargaining rounds, mainly in 2023, for the 10 low-paid jobs was that wage floors rose significantly less in 2024 than they did in 2023: the average annual increase was 2.73 % in 2024 compared with 4.21 % in 2023. Collective bargaining rounds for 2025 were ongoing for most sectors at the time of writing. An exception to this trend is the agreement on wage increases for couriers and newspaper or parcel deliverers under the communications and logistics collective agreement (Viestinvälitys-ja logistiikka-alan työehtosopimus), which is valid for four years. In September 2024, the social partners Service Sector Employers Palta and the Finnish Post and Logistics Union (PAU) agreed that, in the last year of validity (2025), all those covered by their collective agreements will receive wage increases in accordance with the general line agreed during the negotiation rounds of other large sectors during 2024–2025 (PAU, 2024).

In **Italy**, a significant development occurred in the retail sector in March 2024, with the establishment of a new framework extending through to 2027. This set the basic wage for sales assistants at EUR 1 599.29. This implies a noteworthy increase of 4.1 %. The agreement was reached after trade unions called for strikes across the tertiary sector in December 2023, and employer organisations, including Confcommercio, requested the resumption of negotiations in February 2024. Effective from 1 April 2024 to 31 March 2027, the new agreement introduced substantial changes, including a EUR 350 one-off payment, split equally between July 2024 and July 2025 (Confcommercio, 2024). Similarly, the hospitality sector saw a new collective agreement signed in June 2024, covering catering and tourism establishments. The bipartite agreement reached between unions (Italian Federation of Commerce, Hotel and Service Workers (Filcams CGIL), Italian Federation of Commercial and Related Services and Tourism (Fisascat CISL) and Italian Union of Tourism, Commerce and Service Workers (Uiltucs)) and employer organisations (FIPE Confcommercio, Legacoop Production and Services, Confcooperative Work and Services and AGCI Services) followed extended negotiations and union mobilisation. The agreement, valid until December 2027, established significant wage increases for the sector’s 1 million employees.

In the logistics and transport sector, a preliminary agreement was signed on 6 December 2024, following complex negotiations that began in November 2023. Talks had temporarily broken down in November 2024, when the unions rejected the employers’ proposals, leading to strike threats. The final agreement involves 26 organisations, including major unions (Italian Federation of Transport Workers (FILT CGIL), Italian Transport Federation (FIT CISL) and Italian Union of Transport Workers (UIL Trasporti)) and employer associations (Assologistica, Assoespressi, Assotir, Federtraslochi and Logistica), and covers approximately 1 million workers in a sector representing 10 % of Italy’s gross domestic product. Effective from January 2025 to December 2027, it introduces wage increases of EUR 230 for non-travelling staff and EUR 260 for travelling personnel, distributed in four instalments. The agreement also modernises the sector’s framework in response to technological innovation and vertical integration.

In **Norway**, all sector-level agreements were renegotiated in 2024. In industries where a relatively high number of employees are paid the minimum rate, they have usually seen an increase above the general wage increase. For example, this is true for the front-running manufacturing industry, where a general hourly wage increase of NOK 7 (EUR 0.6 as at 1 January 2025) for those covered by minimum wage regulations was agreed, and for the textile industry (NOK 10.50; EUR 0.9), where central-level wage negotiations are not supplemented by firm-level bargaining. In retail, workers earning the lowest rate get an additional NOK 6 (EUR 0.5), which is NOK 2 (EUR 0.2) more than the general wage increase in the sector. For the two highest-paid groups (levels 5 and 6), a wage guarantee model meant that they had already received wage increases of NOK 5 (EUR 0.4) and NOK 8.25 (EUR 0.7), respectively, in February 2024. For municipal workers, minimum rates were increased by 3.7 % or by at least NOK 20 000 (EUR 1 696) per year. The NOK 7 (EUR 0.6) increase negotiated for the manufacturing industry was also extended to other bargaining areas covered by the large Confederation of Norwegian Enterprise (NHO). In hotels and restaurants, the minimum rates for employees with two and four years of seniority increased by NOK 1 (EUR 0.1) and NOK 2.50 (EUR 0.2), respectively, in addition to the general wage increase.

In **Sweden**, 2024 was a less significant year for wage setting, as the most important agreement, the pattern-setting industrial agreement, was negotiated for two years in 2023. The industrial agreement includes wage increases for 2023 and 2024, generally following the increments in the agreement for the standard-setting industrial export-oriented sector, which were 4.1 % in April 2023 and 3.3 % in April 2024. In addition, a mechanism is in place to prevent the salaries of higher wage groups from outpacing those of lower wage groups due to the percentage-based increases. For 2023, the lowest wages were increased by SEK 1 350 (EUR 118) per month; the overall increase for companies should still amount to 4.1 %. A different model was then used for raising the lowest wages in 2024: those who earned less than SEK 28 211 (EUR 2 462) per month had their increases calculated at that wage level. For example, one of the lowest agreed wages is SEK 19 915 (EUR 1 738) in the private elderly care sector. Instead of their wage increasing by 3.3 % to SEK 20 572 (EUR 1 796), their raise was calculated as 3.3 % of SEK 28 211 (EUR 2 462), increasing their monthly pay by SEK 931 (EUR 81) to SEK 20 846 (EUR 1 820).

Among the agreements renegotiated in 2024 was the Swedish Municipal Workers' Union agreement with the Swedish Association of Local Authorities and Regions (SALAR), which covers some of the lowest-paid workers, including public sector care assistants, childcare workers and cleaners, among others. As the new rates were negotiated in a year without a new industrial agreement to set the general wage increase, it was agreed that they would be based on the 2023 industrial agreement, and thus they rose by 3.3 % in 2024.

Debated changes to minimum wage setting – beyond the directive

Most debates on minimum wage setting in 2024 were clearly related to the transposition of the directive. More information on the outcomes of these debates is given in Chapter 4. However, there were some cases in which debates on present or future minimum wage setting or other wage-setting-related aspects were not directly connected to the directive, although a clear distinction is not always possible.

In **Bulgaria**, in 2024, a debate arose regarding the current method of setting wages, which involves a simple formula. Employers argued that the directive's provisions had not yet been fully considered and requested the annulment of the decree that sets the minimum wage for 2025. **Belgium** recorded a continuation of the long-standing debate on the future of the 'wage norm' (which regulates the maximum biannual increase that can be agreed in collective agreements) and how to proceed with indexation in collective agreements. In **Czechia**, unions escalated the national controversy regarding the abolition of the guaranteed wage system in the private sector by sending a complaint to the European Commission. In **Estonia**, the legitimacy of the minimum wage agreement was questioned by the Estonian Association of SMEs (EVEA).

Among the countries without national minimum wages, debates continue to focus on the pay of public sector employees in **Denmark** and on the potential introduction of a statutory minimum wage in **Italy**. In **Norway**, a pay commission assessed the wage formation model and concluded that it continues to function effectively.

More information on these debates is presented in Table 5.

Table 5: Debates on (minimum) wage setting – beyond the transposition of the directive

Country	Debates on minimum wage setting
Belgium	**Indexation in collective agreements and the future of the wage norm** A few debates are currently ongoing, but will probably only be decided once the different governments have been formed (which, at the time of writing, had not yet happened). Regarding the wage norm, social partners regularly highlight that the system in its current form does not allow for proper negotiations on minimum wages. The calculated and established wage norm limits their options to go either lower or higher (depending on their side of the social dialogue table). These discussions are not new and have been ongoing for years (including protests and other actions to stress the issue). It is uncertain if the discussion will be resolved in the near future. The De Wever government did not propose a revision of the Wage Norm Law but demanded advice from the social partners. Soon after the government was formed, the Central Economic Council published a technical report, mandating a real wage freeze for 2025–2026, which will be contested, as the International Labour Organization (ILO) has ruled that the wage norm is a violation of ILO Convention No 98 from 1948. Regarding wage indexation, employers in Belgium emphasise the issue of wage costs. One of these discussions involves an adjustment so that the increase is given in absolute amounts instead of percentages, which would benefit people on low wages. However, the unions oppose this because higher-paid workers have more individual bargaining power and would still receive wage increases. For workers on collectively agreed wages, moving away from percentage-based wage indexation would change pay differentials and hence wage progression. After intense debates and political negotiations, the De Wever government declaration did not include constraints on the collective agreements that stipulate wage indexation.

Country	Debates on minimum wage setting
Bulgaria	**Dispute over the current and future setting of minimum wage rates** On 23 October 2024, the Council of Ministers announced the minimum wage rate applicable from 1 January 2025: BGN 1 077. There was no opposition from the trade unions regarding the new rate. However, the BICA opposes the decision, stating that there is no functioning mechanism in place for setting the minimum wage that complies with the EU directive. The BICA filed an appeal with the Supreme Administrative Court, requesting that the Council of Ministers' decree on the minimum wage be annulled as unlawful. According to the employer organisation, the decision was made despite the objections raised by one of the parties during social dialogue, namely the employers, and without taking their arguments into consideration. The BICA points out that the decree violates ILO Convention No 131, which Bulgaria ratified in 2018. The approach set out in Article 244 of the Labour Code, which is the basis for adopting the decree, not only fails to take these criteria into account but also eliminates the role of the social partners in the process, the BICA opinion claims. According to the BICA, the decree and the provisions of the Labour Code related to the minimum wage are also not in line with the Minimum Wage Directive, which requires the introduction of criteria that reflect the purchasing power of the minimum wage and the distribution of income in the country, rather than a simple formula based on an average gross wage, which compares different and incomparable values – a basic minimum with a gross average – which is also in violation of the directive. Ignoring these requirements limits the opportunities for adequate assessment of the income and purchasing power of workers, which is key for sustainable economic development. According to the organisation, 'setting the minimum wage based on a primitive and flawed formula instead of a realistic assessment of economic conditions' has adverse consequences for businesses, especially in low value added industries. The BICA points out that this increase will lead to a reduction in jobs and will limit new investments, which will mainly affect small and medium-sized businesses in the country. The unjustified increase in the incomes of the lowest-skilled workers will, unfortunately, be at the expense of those with medium qualification levels, which will discourage both groups from improving their qualifications and labour contribution, according to the organisation. The BICA calls for the immediate repeal of the decree and Article 244 of the Labour Code and for a return to adequate social dialogue (BICA, 2024).
Czechia	**Unions complain to the European Commission regarding the abolition of the guaranteed wage and modification of the guaranteed salary in the public sector** As part of the preparation for the amendment to the Labour Code, which introduced a minimum wage valorisation mechanism, employers have long advocated for the abolition of the eight-level guaranteed wage, which, in their opinion, limits their flexibility in remunerating employees and increases administrative burden. Despite the opposition of the unions, which feared that this step could lead to a deterioration in working conditions and a reduction in wages for some employees, the government pushed through the amendment to the Labour Code, effective from 1 August 2024. The amendment abolishes the guaranteed wage, but only in the private sector, from 1 January 2025. A new guaranteed salary system was introduced in the public sector, replacing the original eight with four new categories. This system, like the previous one, takes into account the complexity, responsibility and arduousness of work and is linked to the minimum wage. In response to the abolition of the guaranteed wage, the unions undertook several interventions throughout the legislative process (at the Chamber of Deputies and Senate of the Parliament of the Czech Republic and with the President of the Czech Republic) to reverse the government's decision. Their activities were unsuccessful, so the unions (through the Czech-Moravian Confederation of Trade Unions (ČMKOS)) submitted complaints to the European Commission.
Denmark	**Pay structure in the public sector** In Denmark, a collectively agreed package worth DKK 6.8 billion (EUR 0.91 billion) from 2023 came into effect in 2024, increasing the pay for public employees at the regional and municipal levels (DR, 2023). This did not stop public debate on the pay of public employees, especially for critical jobs such as nurses, childcare workers, home-based personal care workers or prison guards. A report by the Pay Structure Committee was published, focusing on the pay structure in these areas and the potential impact of changes (Pay Structure Committee, 2023). In the continued discussion in 2024, the focus shifted to the recruitment and retention challenges that the public sector faces, particularly in geographically isolated areas, and the effectiveness of more flexible pay models (Friis, 2023; Christesen, 2024).
Estonia	**Legitimacy of the minimum wage agreement questioned by the EVEA** The EVEA has expressed criticism of the increase in the minimum wage and the wage-setting mechanism. It maintains that the increase in the minimum wage in 2025 will have a 'devastating effect' on microbusinesses and small businesses, and its position is that the minimum wage should not have been increased or should have remained below EUR 32 (equivalent to less than a 4 % increase). In addition, it criticised the legitimacy of the minimum wage agreement and the representativeness of wage setters. The EVEA believes that the representativeness of the EAKL and the ETKL is 'far from sufficient to conclude a minimum wage agreement that affects the entire society' and that more social partners should be involved. According to the EVEA, the issue with representativeness is that the ETKL represents mostly large companies, and the EAKL represents employees of large companies or in the public sector. However, most jobs in Estonia are actually in small and medium-sized enterprises (EVEA, 2024). The EVEA does not refer to the Minimum Wage Directive in its argument. Other stakeholders have not reacted to this statement.
Italy	**Continued debate on the introduction of a statutory minimum wage** The debate on the possible introduction of a statutory minimum wage in Italy intensified in 2024 when five opposition parties (the Five Star Movement, Democratic Party, Greens and Left Alliance, Action and More Europe) presented a new legislative proposal as an amendment to Decree Law No 48 of 4 May 2023 (Labour Decree Bill). The initiative followed a significant public petition that had gathered over 50 000 signatures since August 2024. The amendment proposed establishing a gross minimum wage of EUR 9 per hour. It was rejected in parliament on 1 October 2024, marking the second defeat for statutory minimum wage proposals in less than a year; the first rejection occurred in December 2023. Afterwards, while still relevant to Italy's socioeconomic landscape, the topic appears to have lost some of the media and political prominence that it had throughout 2023.

Country	Debates on minimum wage setting
Lithuania	**Formula and future criteria for wage setting** All debates regarding minimum wages and minimum wage setting in 2024 and prior to that were initiated by the Ministry of Social Security and Labour. When discussing the minimum wage level for 2025 in the Tripartite Council (TC) in 2024, employer organisations stressed that they had agreed on the formula in 2017, when the minimum wage in Lithuania was the lowest in the region and one of the lowest in the EU; however, they argued that the situation has changed and Lithuania is no longer a low-wage country. They warned that further sharp increases could have a negative impact on businesses and citizens. They suggested that the formula agreed by the TC should not be treated as a set standard, but as a benchmark or guideline. The Ministry of Economy and Innovation **submitted a proposal to change the formula** for determining the rate, which would focus on labour productivity. This proposal would enable Lithuania to set minimum wages in line with the EU average ratio of the minimum wage to the average wage, rather than focusing on the Member States with the highest minimum wages. At the meeting on 28 May 2024, the unions pointed out that this proposal not only contradicts the formula agreed by the TC in 2017 but also contradicts the Minimum Wage Directive. The unions also argued that, if the minimum wage does not reach 50 % of average wages by 2025 (as the Bank of Lithuania proposed a two-step increase to 47.5 % in 2025 and 50 % in 2026), they will consider this '2.5 % debt' to be transferred 'theoretically', as compensation, into the next year. The Bank of Lithuania's representative responded to these considerations by saying that it was not proposing such compensation in 2026 because it would mean that it would have to offer compensation for all years in which the minimum wage was not sufficiently increased and argued that it would 'make unskilled labour unreasonably more expensive' (TC, 2024). Commenting on the employers' position regarding the inclusion of labour productivity criteria in the formula, the unions stated that productivity is already factored into average wage growth. Employer representatives supported the Bank of Lithuania's gradual increase. The TC agreed on the increase at its meeting on 18 June 2024, but did not adopt a decision on the level of the minimum wage for 2025 because different opinions had been presented. The government's position was to decide on the minimum wage in 2025 after assessing the latest economic forecasts.
Norway	**Pay Commission asserts that the wage formation model is working well** A bipartite commission (including experts in addition to the social partners) was appointed by the government of Norway in 2023 and was tasked with establishing a platform of knowledge regarding low wages, how widespread they are and their development over time. It delivered its report to the Minister of Labour in June 2024 (NOU, 2024). The commission concluded that the Norwegian wage formation model restrains wage inequality and low wages and generally works well. The model contributes to increasing wage growth for broad groups of employees and renders less-productive jobs less profitable for businesses, providing incentives to move this workforce to more productive enterprises. In addition, a generally high level of skills boosts productivity even in jobs with the lowest wage levels. The commission did not provide any recommendation to change the wage formation model.

Source: *Network of Eurofound Correspondents.*

Other debates on minimum wage policies

This section briefly summarises some other debates on minimum wage policies, including those on:

- increases to take-home pay;
- compensation measures for employers;
- living wage calculations and whether the minimum wage is sufficient for a decent living;
- wages of foreign workers and collectively agreed minimums.

Increasing take-home pay

In several countries, potential increases in the take-home pay of minimum wage earners were debated. Most frequently, this discussion was connected to the level of taxation and social security contributions applicable to minimum wage workers. Related debates or reflections were reported in France, Latvia, Lithuania, Malta and Spain.

In **France**, in addition to social contribution exemptions, the issue of forced part-time work was on the agenda. Following the Social Conference on 16 October 2023, Prime Minister Élisabeth Borne entrusted two experts with an assignment 'on the relationship between wages, labour costs and the activity bonus and its effect on employment, wage levels and economic activity'. The final report was officially submitted to Prime Minister Michel Barnier and was made public on 3 October 2024 (Bozio and Wasmer, 2024). Similarly, at the request of Élisabeth Borne, the Minister of Labour also wanted a diagnosis of the current state of part-time work, an evaluation of the legal and contractual provisions in force and proposed actions to limit the development of forced part-time work. An assignment to this end was entrusted to the General Inspectorate of Social Affairs (IGAS), which submitted a report on 17 December 2024 (IGAS, 2024). These two reports were discussed by the High Council on Remuneration, Employment and Productivity (HCREP), established by Catherine Vautrin, the Minister for Labour, Health, Solidarity and Families, on 28 March 2024 (France Stratégie, 2025).

In **Spain**, the difference between the gross and net minimum wage used to be small because the minimum wage was set just below the threshold for paying income tax, as every year the fiscal authority increased the minimum exempt income in line with the increase in the minimum wage. However, on 11 February 2025, the Ministry of Finance announced that, for the first time, there would not be an increase in the minimum exempt from income tax. Therefore, minimum wage earners in 2025 will have to pay income tax for the first time. Thus, part of the gross increase (depending on the household composition and situation) will be offset by the increase in income tax. Although income tax payroll deductions will, in many cases, be reimbursed totally or partially afterwards, this measure has encountered opposition from trade unions and part of the government coalition. Trade unions have been advocating for an increase in the income tax threshold in order to make sure workers being paid the minimum wage do not have to pay income tax. They have threatened to disagree on the minimum wage unless the Ministry of Labour establishes a strong position in the same direction. The Minister of Labour is also in favour of increasing the exemption threshold. However, the Ministry of Finance has not confirmed that this will be the case. The expert group's report based its calculations on the net minimum wage.

In **Latvia**, minimum wages were debated, and the minimum wage policy was changed during a comprehensive reform of the tax system. The minimum wage is perceived as part of the tax, income and state budget policies; therefore, it was debated simultaneously with the state budget policy, the policy regarding the non-taxable income of the personal income tax, the policy regarding the personal income tax itself, population income issues (cost-of-living crisis) and the pension policy, all in connection with the minimum wage.

In **Lithuania**, employer organisations emphasised in their reaction to the debate in the Tripartite Council (TC) that the government has promised to increase the tax-free income rate so that, in 2027, it will match the minimum wage.

In **Malta**, the Malta Developers Association (MDA) has proposed raising the tax-free minimum wage to EUR 1 100 per month as part of its pre-budget recommendations. However, the MDA acknowledges the financial challenges that such an increase could pose for employers and has called for a universal corporate tax rate to support economic stability. The General Workers' Union, the UHM Voice of the Workers, the Confederation of Malta Trade Unions (CMTU) and the Forum of Maltese Unions (For.U.M.) – all represented in the Malta Council for Economic and Social Development – declared that neither the minimum wage nor the annual cost-of-living adjustment should be taxed.

Compensation measures for employers

State support for employers, to compensate them for the higher minimum wages, is occasionally resorted to in some countries or at least requested by employers. During 2024, the reporting from the Network of Eurofound Correspondents pointed to such debates and decisions in Croatia, Hungary and Spain.

To facilitate the transition to a higher minimum wage, the **Croatian** government has announced and implemented compensation measures for employers. The Croatian Employment Service will pay employers the difference between the current and the new minimum wage for the first three months of 2025 – that is, EUR 130 per worker per month.

In **Hungary**, employers have asked that the government reduce the tax burden linked to employment, to help offset the costs associated with raising the minimum wage (as was the case between 2016 and 2022). The government has rejected this request, citing the difficulties of the current fiscal situation. However, it agreed that employers should pay social contribution tax on the previous year's minimum wage for employees who earned the minimum wage between 1 September and 15 November 2024. The same approach will apply in 2026 and 2027, with employers paying a social contribution tax equal to the level of the previous year's minimum wage in both years.

In **Spain**, the government refused to accept some of the conditions proposed by the employers. These included tax deductions for companies in the agricultural sector in order to alleviate the increase in labour costs triggered by the increase in minimum wages, and the reform of public procurement in order to adapt the conditions to increases in inflation and/or minimum wages.

Living wages and higher pay

Because of concerns about whether minimum wages are aligned with cost-of-living expenses, trade unions in some countries are resorting to backing up their arguments with data that show developments in the cost of living. In Portugal, housing prices, among other factors, were a particular focus.

In **Croatia**, the Independent Trade Unions of Croatia (ITUC), not to be confused with the International Trade Union Confederation, proposed that the minimum wage in 2025 should amount to EUR 1 093.65 gross. This projection is not based on a comprehensive analysis of macroeconomic indicators and economic developments in Croatia. When developing the proposal, key economic indicators were carefully monitored, including trends in average and median wages, inflationary pressures and changes in the cost of living, particularly in the context of rising food, energy and housing prices. The analysis by the ITUC shows that the current minimum wage cannot meet the basic living needs of workers, which include the costs of housing, energy, food and other essential goods. The increases in the prices of necessities, along with the simultaneous reduction in energy subsidies, are further increasing the pressure on household budgets (Mišić, 2024).

In **Portugal**, the General Confederation of the Portuguese Workers (CGTP) opposed the terms of the 2025–2028 tripartite agreement, because it considered the increase in minimum wages to be insufficient. Among the arguments of the CGTP was the escalation in housing prices and their increasing weight in household expenses. This impact is only partially captured by the inflation figures, as measured by the Consumer Price Index (CPI). Considering the average family spending structure and the approximately 2 million who needed a loan to purchase housing (mostly workers), the increase in loans in 2023 was 12 %. Home loan repayments increased by an average of 8.5 % in the last 12 months. If December 2021 is taken as a reference, the increase was 52.5 %. The CGTP argues that the consecutive increases in interest rates, decided by the European Central Bank, were decisive for such consequences. Low wages and weak wage upgrades and increases, combined with rising prices, have led to a deterioration in living conditions for individuals who have been pushed into buying a house and for all families in general. In terms of housing rent for tenants, the scenario is equally worrying: the accumulated increases in 2023 and 2024, based only on published updates, totalled 9 %. Quoting an important study on adequate wages in Portugal (Pereirinha et al., 2020), the CGTP points out that an adequate and fair wage to guarantee a dignified life, for a couple with two children, would require that each household member earn around EUR 1 300 (value updated with inflation verified in the meantime) (CGTP, 2024; Jornal de Notícias, 2024).

In addition to support from unions, support for more objective living wage approaches came from researchers in 2024. For **Czechia**, Bittner (2024) of the Prague University of Economics and Business argued that political arguments have played too important a role in the minimum-wage-setting process and that a basket-based approach would lead to more objective and sustainable developments. Utilising a more systematic approach, Caritas Malta (2024) demonstrated in the 2024 edition of its Minimum Essential Budget Research Series that whether the national minimum wage meets the 2024 minimum budget depends crucially on household compositions. A similar study was conducted by the General Workers' Union in 2022 on a proposal for the definition and estimates of a national living wage.

Wages of foreign workers and collectively agreed minimums

Another topic that was discussed in some countries with collectively agreed minimum wages was wages for foreign/migrant workers. This topic was often discussed under the label 'social dumping' and attracted some media attention in countries such as **Austria** and **Denmark** (DR, 2024). In Denmark, following reports of significantly lower collective bargaining coverage of foreign citizens and widespread 'social dumping', a new agreement was reached, strengthening legal options to counter the practice (Ministry of Employment, 2024). In Austria, it was suggested that the implementation of the Minimum Wage Directive in neighbouring countries might mean that cross-border wage dumping might pay off less and, therefore, the directive would indirectly benefit Austrian workers (GPA, undated).

In **Sweden**, on 1 November 2023, a wage floor of 80 % of the median wage for labour migrants was introduced. In February 2024, a final report from a government inquiry was published, which suggested increasing this wage floor to 100 % of the median wage, in accordance with the wishes of the government. This law is currently under discussion in parliament and has not yet been passed. Employer organisations are particularly opposed to this increase, arguing that labour migrants are not displacing domestic workers but rather filling positions that are not taken by native Swedish workers.

Employer organisations and trade unions are critical of the idea that the state should decide wage levels for any group. However, some unions show positive views towards another part of the proposal, namely that certain groups should not be part of the labour migration system at all. These include berry pickers and personal care assistants, jobs for which poor and often illegal working conditions and low wages are presumed to be common.

A policy that was being discussed simultaneously was to have the wage floor be a dispositive law, meaning it could be changed in collective agreements. The motion was argued to be a way to ensure that labour migrants are adequately paid and the economy does not suffer from exaggerated labour shortages in sectors where many labour migrants currently work. The motion was not adopted by parliament (Sveriges Riksdag, 2024).

3 The Minimum Wage Directive and its transposition

Disclaimer: This chapter compares how Member States approached the transposition of the EU Minimum Wage Directive, based on information reported by the Network of Eurofound Correspondents. While all due care has been exerted to present correct information and to process and analyse the available information adequately, the report provides a comparative overview of approaches based on openly available sources. However, it does not make any judgements on whether the transposition has been carried out correctly in specific Member States. This is the role of the legal experts within the European Commission.

This chapter summarises how Member States approached the transposition of the directive. At the time of drafting the report (first quarter of 2025), not all countries had completed this process. The chapter starts with an overview of recent political developments around minimum wages at the EU level. Then, it provides an overview of the new national regulations or refers to and explains the absence of such regulations in a section dedicated to those countries where debates were ongoing during the drafting phase of this report. It goes on to compare in more detail key aspects of the directive and how they are addressed in Member States' minimum-wage-setting frameworks.

EU-level developments around minimum wages

At the start of her first mandate in July 2019, the President of the European Commission, Ursula von der Leyen, promised a legal instrument to ensure fair wages. Following an impact assessment and intensive stakeholder consultations, in October 2020, the European Commission presented a proposal for a framework on minimum wage setting, which was negotiated in trilogue talks until 2022 and adopted on 19 October 2022 as Directive (EU) 2022/2041 on adequate minimum wages in the EU. The text was supported by 24 out of the 27 Member States; Denmark and Sweden voted against, and Hungary abstained.

The directive aims to improve working and living conditions in the EU by establishing a framework for:

- ensuring the adequacy of statutory minimum wages;
- promoting collective bargaining on wage setting;
- enhancing the effective access of workers to their rights to minimum wage protection, where provided for under national legislation and/or collective agreements.

The directive does not require countries to adopt a statutory minimum wage but provides a procedural framework for countries that have one to ensure that it is adequate. In addition, it requires Member States to promote collective bargaining through action plans if their collective bargaining coverage is below 80 %.

Since its announcement, the directive has been controversial. Among Nordic countries in particular, fears that it would interfere with their wage-setting models prevailed. Previous research by Eurofound (2021, pp. 41–48) provides an in-depth mapping and analysis of national stakeholders' opinions in the run-up to the directive.

On 18 January 2023, Denmark, supported by Sweden, brought an action to the Court of Justice of the European Union (CJEU) (9). It asked the court to annul the directive, arguing that the EU does not have the authority to regulate any aspect of pay, as set out in Article 153(5) of the Treaty on the Functioning of the European Union (TFEU). Alternatively, it requested that the court annul Article 4(1)(d) and Article 4(2). These articles concern the protection of unions and employer organisations that wish to participate in collective bargaining against interference and contain the requirement to set up a framework for enabling collective bargaining and to devise action plans for the promotion of collective bargaining, if coverage is below 80 %.

On 14 January 2025, the Advocate General (AG) delivered his opinion on the case (10), arguing in favour of the

(9) Action brought before the CJEU on 18 January 2023, *Denmark v European Parliament and Council (Salaires minimaux adéquats)*, C-19/23, https://curia.europa.eu/juris/document/document.jsf?text=&docid=271514&pageIndex=0&doclang=EN&mode=req&dir=&occ=first&part=1&cid=2184.

(10) Opinion of Advocate General Emiliou delivered on 14 January 2025, *Denmark v European Parliament and Council (Salaires minimaux adéquats)*, C 19/23, ECLI:EU:C:2025:11.

Danish request, as he sees a violation of Article 153(5). In his view, the 'pay exclusion' cannot be limited to measures that harmonise the level of wages, and he also questions that EU legislature may set 'general and loosely worded requirements as regards the Member States' wage-setting frameworks', arguing for a stricter interpretation of the pay exclusion: 'an instrument directly interferes with pay and is, thus, incompatible with the "pay" exclusion in Article 153(5) TFEU if its object is to regulate pay, no matter how strictly or flexibly' (point 62).

The opinion stands in contrast to other legal evaluations of the directive. The Council Legal Service likewise had investigated relevant case law when analysing the scope of Article 153(5) in its opinion of 9 March 2021, and 'sees good reasons to consider that the Union has competence under Article 153 TFEU to establish minimum requirements which concern the framework for setting and improving coverage of minimum wages where these requirements neither establish the level of that element of pay nor impose conditions for the setting of these wages which are likely to have a direct impact on the outcome of their determination' (Legal Service of the Council of the European Union, 2021, point 69).

Unions reacted critically to the AG's opinion and called on the CJEU to uphold the directive. In particular, the European Trade Union Confederation (ETUC) published a legal counter-opinion, referring to the 'Social policy' chapter in the TFEU, which outlines the objectives of improved working and living conditions, sustainable development and social progress (ETUC, 2025). It argues that the directive serves a much broader focus than just regulating pay and calls for a narrower interpretation of the pay exclusion in the treaty, by highlighting that EU legislation has already interfered in pay-related areas on other occasions.

No similar public reaction from the employers' side at the EU level (BusinessEurope, SMEunited and SGI Europe) was found; however, the Confederation of German Employers' Associations (BDA) commented in a statement that the AG's opinion reflected its own long-standing concerns (BDA, 2025).

The ruling of the CJEU on the case is expected in 2025. The court is not legally bound to follow the opinion of the AG, but, in the majority of past cases, the rulings coincided with the opinions [11].

Member States were required to transpose the Minimum Wage Directive into their national legislation by 15 November 2024. The next section will provide a deeper insight into how Member States have approached this transposition.

Box 3: Living wages – a related policy trend informing minimum wage debates

The, loosely related, new Directive (EU) 2024/1760 on corporate sustainability due diligence has been introduced; it targets larger EU companies. The directive aims to foster sustainable and responsible corporate behaviour in companies' operations and their global value chains.

While it does not include a definition or reference to the concept in its articles, it includes several references to 'living wages' in the recitals, as companies are asked to 'adapt business plans, overall strategies and operations, including purchasing practices, and develop and use purchasing policies that **contribute to living wages and incomes** for their suppliers, and that do not encourage potential adverse impacts on human rights or the environment' (recital 46, own emphasis). It also suggests that, 'to address the power imbalances in the agricultural sector and ensure fair prices at all links in the food supply chain and strengthen the position of farmers, large food processors and retailers should adapt their purchasing practices, and develop and use purchasing policies that **contribute to living wages and incomes** for their suppliers' (recital 47, own emphasis).

Another notable development in 2024 was the decision reached by the Governing Body of the International Labour Organization (ILO) on living wages. For the first time, an international definition of the concept was offered:

- *a decent standard of living for workers and their families, taking into account the country's circumstances and calculated for the work performed during the normal hours of work;*
- *calculated in accordance with the ILO's principles of estimating the living wage …*
- *to be achieved through the wage-setting process in line with ILO principles on wage setting.*

(ILO, 2024)

[11] An econometric analysis based on rulings between 1994 and 2014 showed that the CJEU was around 67 % more likely to annul an act or part of it if the AG had advised the court to do so than if the AG had recommended that the court dismiss the case or declare it inadmissible (Arrebola et al., 2016).

The ILO's principles for estimating the living wage encompass:

- evidence-based methodology and transparent and representative data sources;
- timely public availability, regular adjustment and quality control and a clear specification of whether estimates are gross or net;
- the involvement of social partners and the promotion of gender non-discrimination.

Overview of new regulations and status of transposition

Around three quarters of Member States declared their transposition of the directive either before the deadline of 15 November 2024 or shortly thereafter, but nearly all did so within 2024. Member States may also notify the European Commission that they have partially transposed the directive (and intend to continue the process), which some have done, but this information is not always publicly available. Furthermore, it is important to note that not all aspects of the directive must be addressed in the regulations, as some can be simply implemented – for example, the reporting requirements to the European Commission or drawing up action plans on collective bargaining. In addition to the reference to applicable laws (if any), Member States provided explanatory notes to the European Commission when notifying it of the transposition. These notes were unavailable to Eurofound; therefore, this overview may not be fully comprehensive, as it is based only on changes to regulations.

Table 6 provides an overview of the main amendments made to the regulations and the latest main texts regulating minimum wage setting. Because countries started with different systems for minimum wage setting – some of which were already more closely aligned with the directive than others – the changes differ in scope.

Table 6: Legislation transposing the directive: current and draft minimum-wage regulations in countries with statutory minimum wages

Country	Legislation
Belgium	For the private sector: Law of 17/12/2024 on the partial transposition of Directive 2022/2041 For the public sector: Act amending the act of 1 March 1977 establishing a system linking some public sector expenditure to the national consumer price index; Royal Decree of 10 July 2024
Bulgaria (a)	No changes to the Minimum Wage Law yet; however, the Bulgarian government has notified the European Commission about changes to 13 legislative texts related to the directive. Discussions on the new Minimum Wage Law are ongoing, but no draft is publicly available
Croatia	Act on the Amendments to the Minimum Wage [Zakon o izmjenama i dopunama Zakona o minimalnoj plaći] (OG 152/24, 24 December 2014) Unofficial consolidated text of the Act on the Minimum Wage [Neslužbeni pročišćeni tekst Zakona o minimalnoj plaći]
Cyprus (a)	Draft not yet publicly available
Czechia	Labour Code, Act No 262/2006 Coll., Section 111 amended Draft law amending Act No 262/2006 Coll., the Labour Code
Germany	No changes to legislation Letter to the President of the Minimum Wage Commission dated 9 September 2024 from Minister Heil
France	Decree No 2024-1065 of 26 November 2024, which added Article D. 3231-2-2 to the Labour Code (partial transposition)
Greece	Law 5163/2024 (Government Gazette I/199)
Hungary	Government Decree 308/2024 (X. 24.)
Ireland	Statutory Instrument 633 of 2024
Latvia	Procedures for the determination and review of the minimum monthly salary, Regulation No 730, adopted on 19 November 2024, valid from 22 November 2024
Lithuania	Amendments of the Labour Code approved by Law No XIV-3034 (17 October 2024), Article 141(3) Order No A1-709 on the action plan for the promotion of social dialogue and collective bargaining for 2024–2028 Order No A1-737 on the procedure for registration and public publication of collective agreements
Luxembourg (a)	Draft Law No 8437 The Government of the Grand-Duchy (the Prime Minister), document presenting the bill amending Article L.222-9 of the Labour Code

Country	Legislation
Malta	Malta Council for Economic and Social Development Act Employment and Industrial Relations Act Minimum Wage and Collective Bargaining Regulations, 2024 Low Wage Commission Regulations 2023
Netherlands ([a])	House of Representatives of the Netherlands (2024), Amendment to the Minimum Wage and Minimum Holiday Allowance Act in connection with the implementation of Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ EU 2022, L 275) (Act implementing the EU Directive on adequate minimum wages)
Poland ([a])	Draft act on the minimum wage (not dated)
Portugal ([a])	Proposta de Lei 43/XVI/1 – Procede à transposição da Diretiva (UE) 2022/2041, relativa a salários mínimos adequados na UE, alterando o Código do Trabalho e a Lei Geral do Trabalho em Funções Públicas
Romania	Labour Code (Article 164) Law No 283/2024 Government Decision No 35
Slovakia	Act No 289/2024 Coll. – Act amending and supplementing Act No. 663/2007 Coll. on the minimum wage, as amended, and amending and supplementing certain acts Integrated text of Act 663 of 2007
Slovenia	No changes to the legislation Minimum Wage Act (ZMinP), Nos 13/10, 92/15 and 83/18 Act amending the Minimum Wage Act (ZMinP-B), No 83/2018 of 24 December 2018

([a]) Draft laws not passed at the stage of drafting the report (first quarter of 2025).
Note: *A comprehensive list of legal documents that were provided to the European Commission in the context of the transposition of the directive is available here.*
Source: *Network of Eurofound Correspondents.*

In countries without statutory minimum wages, for which fewer articles of the directive are applicable, more limited changes to regulations were generally made. However, in some cases, updates to the public sector wage setting, or other tariffs not regulated in collective agreements, became relevant. The applicability of the Minimum Wage Directive has not featured prominently in the debates in these countries, as the common understanding among most analysts and policymakers was that these countries already meet the criteria (see, for example, Russegger, 2024, for Austria and SOU, 2023, for Sweden).

For **Austria**, (minor) updates to 39 public sector laws (at different levels) are listed in EUR-lex as being related to the directive; there was a small change with regard to the prohibition of discrimination and implementation notes had been added to some laws with regard to the Minimum Wage Directive. A total of 19 are listed for **Finland**, in which a tripartite working group preparing the implementation of the directive concluded in late November 2024 that no legislative changes were required, with the exception of reporting wage rates and collective bargaining coverage rates to the Commission. A total of 10 are listed for **Italy**. **Denmark** and **Sweden**, likewise, consider their systems to be already compliant with the directive; they notified the European Commission of this but did not change or point to any regulations.

Belgium and **Estonia** both have national minimum wages, which are set and updated through social partner agreements. These agreements are made legally binding based on royal decrees or government regulations. In addition, in Belgium, an automatic update mechanism is in place that is linked to the development of consumer prices (the Smoothed Health Index), which is based on collective agreements (Nos 43 and 50). Both governments take the view that these national minimum wages do not fall under the definition of ‘statutory minimum wages’ in the directive and, therefore, transposed the directive by adhering to the articles for countries with minimum wages based on collective agreements, for the private sector in Belgium and in general in Estonia.

Belgium, within Article 3(2) of the Law on Partial Transposition, defines the minimum wage in general as ‘the minimum wage stipulated by legislation or collective agreements, to which the employee is entitled pursuant to his employment at the expense of the employer’. Article 3(3) refers back to the Belgian Law on Collective Agreements and Joint Committees and defines statutory minimum wages as ‘the minimum wage fixed by or pursuant to a law, with the exception of minimum wages laid down in collective agreements declared universally applicable in accordance with Section 5 of Chapter 2 of the CAO [Collective Labour Agreement] Law’. Following this definition, in the private sector, it covers the wages set in collective agreements at the company or sectoral level.

For workers in the private sector not covered by a sectoral collective agreement, the National Labour Council defines the guaranteed average minimum monthly wage in National Collective Agreement No 43.

However, for the public sector in Belgium, which falls outside the scope of the national minimum wage legislation, amendments to regulations were made to ensure that automatic indexation does not reduce the minimum wage.

The **Estonian** government's view is that regulation and practice are in line with the directive, and no changes in regulations are needed (Delfi ärileht, 2024). An explanatory letter for the government's draft regulation in November 2024 on setting the minimum wage for 2025 ('Vabariigi Valitsuse määruse "Töötasu alammäära kehtestamine" eelnõu seletuskiri') states 'In Estonia, the minimum wage is agreed upon by social partners, making Estonia a country with a collectively agreed minimum wage. For countries where the minimum wage is determined through collective agreements, the directive does not establish additional conditions or criteria for ensuring an adequate minimum wage.'

There are also several countries with statutory minimum wages that consider their existing legislation to already comply with the directive. Among these countries are Germany and Slovenia, which did not make any changes to their legislation. Other amendments to minimum wage regulations mainly concerned the remaining Member States that joined the EU in 2004. Most of the time, these changes left the existing wage-setting processes largely untouched, focused mainly on designating bodies for consultation and added the minimum elements that national minimum wage setters are to include in their criteria when updating the rates (as set out in Article 5(2)(a) to (d)); some declared indicative reference values (Article 5(4)).

Based on current information, the most substantial change in minimum wage setting will take place in **Greece**, which has set up a new rule (and amended process) for determining the new rate from 2028 onwards. It is based on the current French model, which essentially relies on a formula for the update of the rate. However, it engages a consultation committee, with the participation of the social partners, to carry out the consultation process, and an independent experts' committee has an advisory role in setting the minimum wage. For the uprates between 2025 and 2027, a transitional phase is envisaged, during which the established process will largely remain the same.

Finally, it is noteworthy that in some countries there is a lack of (publicly available) legal analysis of or further information on the reasons underpinning the process of the transposition – for example, this is the case in Cyprus, France, Ireland and Slovenia.

Status and debates in countries with delays in transposition

At the time of drafting this review during the first two months of 2025, five Member States, according to publicly available sources, have not yet notified the European Commission about the transposition, as changes to their regulations are still under discussion. These are Cyprus, Luxembourg, the Netherlands, Poland and Portugal. In addition, in several other countries, such as Bulgaria, Malta and Spain, the European Commission has been notified of the transposition in relation to unchanged laws, but further changes to the Minimum Wage Law are still being considered.

In **Bulgaria**, where a caretaker government has been in place since 2022, the transposition has been delayed. The government has initiated the creation of a tripartite working group in charge of negotiating the concrete aspects of the transposition. The working group includes around 60 participants, from the Ministry of Labour and Social Policy and from the nationally representative organisations of trade unions and employers. In addition, representatives from the Ministry of Finance and the National Statistical Institute are present. The working group has intensified its work since the summer of 2024; however, it has not reached an agreement. On 14 November 2024, the Ministry of Labour and Social Policy submitted a proposal for legislative changes (which is not publicly available) to be discussed with social partners. The discussions are expected to continue in 2025.

In **Cyprus**, the statutory minimum wage (introduced in 2023) is regulated by a Council of Ministers Decree, which is based on a basic minimum wage law dating back to British colonial rule. A new draft law, not yet publicly available, aiming to replace the outdated colonial basic law, was prepared by the Ministry of Labour and Social Insurance and discussed in two sessions of a technical tripartite committee. The social partners represented in the committee were then asked to submit their observations on the draft law in writing. The ministry brought the draft law to the last session of the Labour Advisory Body. There was an agreement within the body that the draft law needs further development, and it is expected to be returned to the technical committee.

The draft law maintains the practice of the decree, and important features of the directive are left to be regulated by the decree, which the ministry did not put forward for negotiation by the technical committee. For example, the draft law stipulates that exceptions and sub-minimums are to be regulated by decree and thus will be the prerogative of the Council of Ministers. The draft law also leaves the issues of annual consumer price indexation and whether the level of the minimum wage is to be set as hourly and/or monthly rates for the government to decide within the decree.

In **Luxembourg**, on 16 October 2024, Georges Mischo, Minister of Labour, presented Draft Law No 8437, which aimed to transpose the Minimum Wage Directive into Luxembourgish law. The Luxembourgish legislative process requires an opinion from a professional chamber / consultative body, and, in this case, the Chamber of Employees (CSL) disseminated its opinion on 23 October 2024 (CSL, 2024). It strongly regrets that the transposition of the directive has been split into two parts so that the draft law transposes only the part relating to minimum wages and not the part on collective agreements. The CSL believes that the directive should be considered as a whole and that the objectives relating to minimum wages and collective agreements are intrinsically linked, and it rejects the draft law overall. The opinions of other stakeholders converge on the need for the better alignment of the draft law with the directive's goals, including clearer criteria, stronger collective bargaining mechanisms and fairer advisory structures (Chamber of Civil Servants and Public Employees, 2024a, 2024b; Luxembourg Chamber of Trade, 2024; Luxembourg Council of State, 2024). However, significant divergences remain on how to balance economic realities with social protections, reflecting the complex interplay of worker rights, employer concerns and state responsibilities. The lack of proposals on collective bargaining promotion is because, when social dialogue was addressed – particularly in connection with a national action plan on collective bargaining – discussions were suspended following the minister's refusal to guarantee unions exclusivity in negotiations. This was perceived by the opposition as a weakening of workers' rights.

In **the Netherlands**, a governmental response to questions asked by parliamentarians in the Dutch Senate provides good insights into ongoing debates (Eerste Kamer der Staten-Generaal, 2024). Among other issues, the determination of the adequacy of the minimum wage was considered, as the government bases adequacy on both income and wages. Questions were raised about why income is considered and whether this increases reliance on benefits. The government argued that including income is necessary to accurately measure living standards. However, benefits and income support are being revised as part of a broader reform agenda. On 28 January 2025, the Dutch Senate decided to postpone the vote on the proposed bill, following the opinion of the AG of the CJEU. The Dutch Minister for Social Affairs and Employment had, in a letter dated 17 January 2025 (12), alerted the Senate that the transposition of the directive remained a legal requirement and that he wanted to meet the obligation for transposition; otherwise, the Netherlands risked an infringement procedure.

In **Portugal**, the transposition of the European directive has been delayed but not because of significant political disagreements over the content of the draft law. Because existing Portuguese legislation already aligns closely with the directive, no major changes will be required. Instead, the delay stems from political circumstances that disrupted the normal functioning of parliamentary legislative activity. Following the resignation of Prime Minister António Costa in November 2023, parliament was dissolved twice: first in January 2024 and again in March 2025. The dissolution on 19 March 2025 interrupted the final stages of discussion and approval of the draft law proposed by the minority coalition government of the Social Democratic Party and the CDS – People's Party; the draft law had received general approval on 29 January 2025. With early elections scheduled for 18 May 2025, a new draft law will have to be submitted, restarting the legislative process from the beginning. Despite legislative developments that occurred after the drafting phase, this report will present information based on Proposed Law 43/XVI/1, as referenced in Table 6.

However, a key issue divided social partners beyond the details of the draft law: the legitimacy of the EU to intervene in wage setting regulations within Member States. This concern was highlighted during the public hearing on the draft law (13) by the trade union confederation CGTP and the employer confederation Confederation of Portuguese Business (CIP). The trade union confederation General Union of Workers (UGT) supported the initiative but criticised the delay in its implementation and the lack of discussion within the tripartite Standing Commission for Social Concertation. The employer confederation Portuguese Commerce and Services Confederation (CCP) also welcomed the proposal. Despite their differing perspectives, all social partners expressed their wish to improve the draft law under review. Their contributions may play a significant role in shaping the next legislative round.

In **Poland**, during the second half of 2024, there were public debates on the applicability of the EU Minimum Wage Directive and how to implement certain aspects. Discussions in the press intensified after the government published a draft of the new Minimum Wage Law at the end of August 2024. In particular, the discussion concerned the government's proposed benchmark of 55 % of the average salary and the issue

(12) The letter is available at: https://www.eerstekamer.nl/behandeling/20250117/brief_van_de_minister_van_szw_over.

(13) This discussion is available at: https://www.parlamento.pt/sites/com/XVILeg/1CACDLG/Paginas/default.aspx.

of calculating the minimum wage, in particular that the minimum wage be equated with the basic wage – that is, excluding any additional components or other work-related benefits. Following criticism from employer organisations, the government decided to delay the introduction of these changes; regulations in this area are not due to take effect until 2028. The Ministry of Family, Labour and Social Policy explained that the issue of the constituent scope – that is, which elements of pay, such as bonuses, allowances or benefits, are included in the calculation – of the minimum wage is not related to the implementation of the directive and is to be resolved in the following stages of legislative work. The introduction of the changes regarding the constituent scope of the minimum wage will be phased. Employers will have adequate time to adapt to the new legislation and to secure funds in their budgets to finance the proposed change (14).

The envisaged (further) changes are not publicly known in some of these countries, but some information on the process is available.

In **Spain**, no concrete information on envisaged changes to the minimum wage regulations is available at the stage of drafting. However, alongside the increase for 2025, the Spanish government and trade union organisations have also agreed to open, within a maximum period of two months, a social dialogue table for the transposition. This table must address the modernisation and updating of the current regulations on the minimum wage, the compensation and absorption of certain supplements in relation to the minimum wage and the regulation by law of its equivalency to 60 % of the average salary. It will also discuss whether the new legal regulations include a provision that establishes the obligation to automatically update the salaries in collective agreements that may be affected by the minimum wage and guarantee their retroactivity. In addition, the hourly amounts will be adapted to the reduction of working hours to 37.5 hours per week on an annual basis. Finally, this table should also prepare the launch of specific campaigns by the Labour and Social Security Inspectorate to ensure compliance with the minimum wage in the sectors most affected and set out measures aiming to improve implementation.

The **Maltese** government has already notified the European Commission about its transposition. However, within a consultation document on the national strategy for poverty reduction, it recommends ensuring that the national minimum wage is (further) reviewed in line with the established framework of the Minimum Wage Directive (Government of Malta, 2024).

Consultative bodies and social partner involvement

As reported in several previous editions of this report, nearly all countries with a statutory minimum wage have been regularly consulting social partners on the minimum wage updates. This has happened in four ways.

- First, it has occurred within meetings of existing bipartite or tripartite forums that are typically part of the social dialogue structures and also used for consultation processes in other areas, as in most central and eastern European Member States and in Portugal.
- Second, it has taken place within dedicated low wage or minimum wage commissions or expert commissions with social partner representation. Examples include Germany, Ireland and, more recently, Croatia and Malta.
- Third, it has occurred through consultation processes led by such commissions when social partners are not part of the commission – for example, as in France and, more recently, in Greece.
- Fourth and finally, cases where social partners are consulted ad hoc outside any established bipartite or tripartite institutions have diminished greatly in the past few years. This applies, for example, in Spain, which also resorted to temporary expert commissions in some years, or Croatia before the establishment of the Commission for the Monitoring and Analysis of the Minimum Wage.

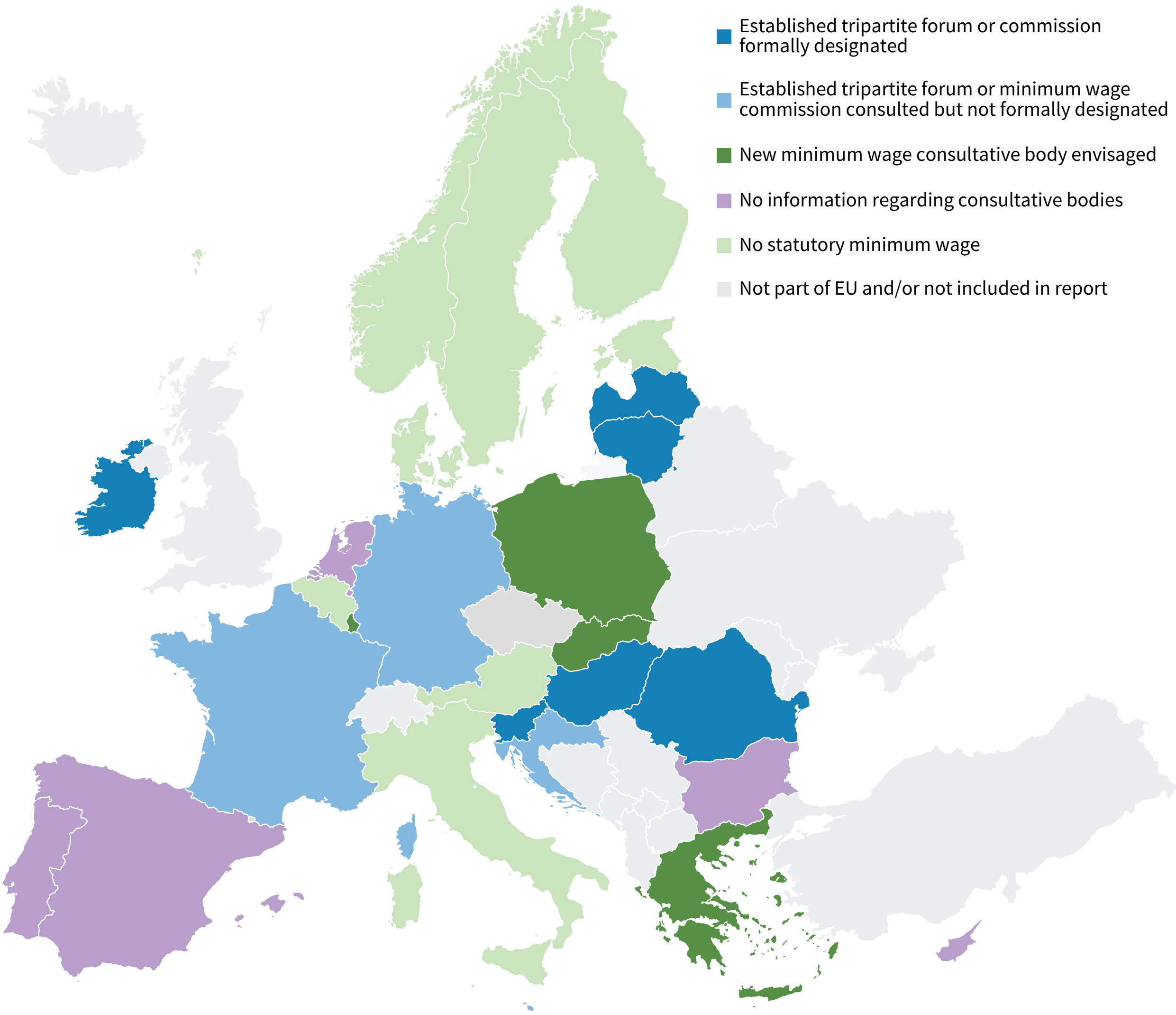
The Minimum Wage Directive now requires social partners' involvement in various stages of developing statutory minimum-wage-setting frameworks and subsequently updating the rates, which are extensively outlined in Article 7. Social partner participation is also expected within the consultative bodies. These bodies are introduced in Article 5(6), according to which '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.'

Figure 12 and Table 7 provide an overview of the newly designated or envisaged consultative bodies. Most Member States with statutory minimum wages have opted to designate an existing forum or refer to consultations with social partners within existing tripartite forums.

(14) This discussion is available at: Minutes of differences on the Draft Minimum Wage.

Only a few Member States have plans to establish new bodies: (1) the Advisory Body on Minimum Wage in **Luxembourg**, (2) the Minimum Wage Team in **Poland** and (3) the Minimum Wage Commission in **Slovakia**. Likewise, **Greece** – from 2028 onwards – will establish two new committees: the Independent Scientific Committee and the Consultation Committee with extended social partner involvement. However, both closely resemble the current setup. **The Netherlands** – being the only country in which there is no regular social partner involvement in statutory minimum wage updating – is contemplating the draft law designating such involvement to existing institutions, such as the bipartite Stichting van de Arbeid and (not specified) social partner organisations. However, the text remains vague, as it mentions only one concrete example.

Figure 12: Overview of approaches to consultative bodies' designation



Source: *Authors' depiction, based on regulations and information from the Network of Eurofound Correspondents.*

Established tripartite forum or commission formally designated as a consultative body in the new regulations

Table 7: Involvement of social partners within newly designated consultative bodies in existing tripartite bodies dealing with a wider range of matters

Country	Body	Mandate of the body in the minimum-wage-setting process
Czechia	Council of Economic and Social Agreements of the Czech Republic	The council is mentioned in the law as a forum for consultation. It is discussing the coefficient for calculating the minimum wage prior to the government's determination (for two years).
Hungary	Permanent Consultation Forum of the Government and the Competitive Sector (VKF)	The VKF's legal status changed because it was designated as a forum for minimum wage negotiations. There were no changes in activities, membership or mandate. It is the forum for tripartite consultation on all issues relating (directly or indirectly) to employment, the labour market and social affairs. Decree 308/2024 lists eight task groups of the VKF.
Ireland	Low Pay Commission (LPC)	The LPC is already part of the Minimum Wage Act, 2000; however, some changes were made in Statutory Instrument 633/2024. In particular, it has been formally designated as the consultative body to advise the minister on issues related to the national minimum hourly rate of pay, prescribed percentages and allowances (Section 10A). Social partner involvement is further stressed by expressly referring to a consultation process in Section 10C: *the Commission shall once each year, **after consultation with and voluntary participation of the representatives of employers and employees** –* *(a) examine the national minimum hourly rate of pay, **prescribed percentages and allowances**, and* *(b) make a recommendation to the Minister respecting the national minimum hourly rate of pay, **prescribed percentages and allowances** [own emphasis for added amendments].* In addition, in Article 6, which defines the scope of the consultation process, the order has changed, as social partner organisations are mentioned before other groups: *(6) When preparing a report … the Commission shall consult with **representatives of employers and employees**, and such other persons it thinks appropriate, in a **timely and effective manner** and shall consult in particular on –* *(a) the national minimum hourly rate of pay, **prescribed percentages and allowances**, and* *(b) decisions relating to the collection of data and the carrying out of studies and analyses to provide information to authorities and other representatives involved in setting the national minimum hourly rate of pay [own emphasis].*
Latvia	National Tripartite Cooperation Council (NTSP)	The NTSP has been consulted on minimum wage setting in the past. Its role is further clarified in Regulation No 730 (Article 5): *The Ministry of Welfare shall:* *5.1. submit a proposal for maintaining or increasing the minimum monthly wage to the meeting of the Social Security Sub-Council of the National Tripartite Cooperation Council for consideration by April 15;* *5.2. within two weeks after the proposal is considered by the meeting of the Social Security Sub-Council, submit it to the National Tripartite Cooperation Council for consideration.* During the whole process of determining the minimum wage, social partners may submit their proposals for discussion through the Draft Legislation Portal.
Lithuania	Tripartite Council of the Republic of Lithuania (TC)	Article 141(3) of the Labour Code was amended and provides that the government, when approving the minimum wage, shall take into account not only the recommendation of the TC and the development indicators and trends of the national economy, but also the economic development scenario published by the Ministry of Finance and the indicators of the country's economic development published by the State Data Agency. In addition, the TC is obliged, when preparing a recommendation, to discuss the elements of Article 5(2)(a) to (d) of the directive and any other information necessary to determine the minimum monthly wage and to assess its adequacy. The TC shall submit its conclusion to the government each year by 15 June or by any other date requested by the government.

Country	Body	Mandate of the body in the minimum-wage-setting process
Romania	National Tripartite Council for Social Dialogue	Article 164 already includes the requirement for governments to consult with national social partners on the minimum wage increase. The amended Article 164(3) now contains a reference to the council for consultation purposes. In addition, the law refers to 'the analyses of a research institution specialised in the analysis and impact assessment of labour market policies' (Article 164(5)).
Slovenia	Tripartite Economic and Social Council (ESS)	The designation of the ESS as the consultative body was an agreement among social partners on the ESS. They adopted a decision for the ESS to become a consultative body. This decision is not tied to any legislative changes. The decision was adopted in accordance with the rules on the functioning of the ESS, which stipulate that a decision is deemed adopted if there are no votes against it. No additional document was adopted to define the role or competencies of the consultative body in greater detail, nor was such a document provided as a basis for discussion.

Notes: *In Portugal, the (now obsolete) draft law reproduced what was already established in the Labour Code (Article 273(1)). Minimum wage setting is defined by law following consultation with the Tripartite Commission for Social Concertation.*
Source: *Authors' compilation based on national regulations.*

Forum or body already exists, not formally designated as a consultative body in the new regulations, but already having a consultative role in the existing regulations

Table 8: Involvement of social partners within consultative bodies specifically dealing with minimum wages

Country	Body	Mandate of the body in the minimum-wage-setting process
Croatia	Commission for the Monitoring and Analysis of Minimum Wages	The commission already has a formal role in the process of minimum wage setting and includes the social partners; in addition to a representative of the ministry responsible for labour, there are two representatives of representative trade union confederations, two representatives of higher-level representative employer organisations, three representatives of the academic community (economic experts in the relevant field) and one representative of the Croatian Bureau of Statistics. New amendments to the law in Article 6(3) stipulate 'The Minister shall, after consulting with the social partners ... propose to the Government of the Republic of Croatia the amount of the minimum wage.'
France	National Committee of Collective Bargaining, Employment and Vocational Training	The committee is already regularly consulted by the government prior to the uprate, and in accordance with a new provision (Article D.3231-2-2 of the decree of 26 November 2024) it will receive an assessment of the amount of the minimum wage growth, based on two reference values, at least every four years.
Germany	Minimum Wage Commission	The designation of the Minimum Wage Commission was implicitly made in a letter sent by the Federal Minister for Labour and Social Affairs, Hubertus Heil, to the president of the commission, in which he states that it would be up to the Minimum Wage Commission to 'bring the European guidelines to life' (Heil, 2024).
Malta	Low Wage Commission (LWC)	By virtue of the LWC Regulation (L.N. 66 of 2023), the commission has the mandate to ensure the adequacy and fairness of minimum wages. The commission is responsible for determining whether the minimum wage needs to be revised and ensuring that it is set at an appropriate level. It also defines the national criteria that constitute the minimum wage, while taking into account trends in price levels and wage increases reflected in selected collective agreements for lower-grade employees. Furthermore, the LWC evaluates the affordability of changes to the minimum wage by considering sectoral vulnerabilities, competitiveness and productivity gains. Finally, the LWC is committed to ensuring minimum wage adequacy through the timely and effective involvement of social partners in the review and evaluation process. The commission is required to submit its recommendations to the Prime Minister and the minister responsible for employment and industrial relations every four years.

Source: *Authors' compilation based on national regulations.*

New bodies (to be) established

Table 9: Involvement of social partners within newly established / to-be-established consultative bodies for minimum wages

Country	Body	Mandate of the body in the minimum-wage-setting process
Greece	Independent Scientific Committee and Consultation Committee	A five-member scientific committee is established for a three-year term, starting from 2028, to provide an annual, reasoned and evidence-based opinion on the minimum wage, its level, the criteria, any variations and the collection of data and information. The Consultation Committee mentioned in the new law is a similar body in terms of composition and role to the existing Coordination Committee for Consultation. In addition, from 2028 onwards, there will be an extension of the social partner organisations that are involved in the consultation process. The social partners will participate in the new 11-member Consultation Committee, which will provide recommendations on: ◦ the selection and application of criteria for determining the minimum wage; ◦ the establishment of the automatic adjustment formula; ◦ the selection and application of indicative values for assessing the adequacy of minimum wages; ◦ the updating of the minimum wage; ◦ the establishment of variations in the calculation method; ◦ decisions regarding the collection of data and information. Article 6 of Law 5163/2024 also requires the committee to conclude, in its annual report, whether it sees a reason to derogate from the formula. Several potential reasons are mentioned (see Box 4).
Luxembourg (proposal)	Advisory Body on Minimum Wage	Article L.222-12 establishes an advisory/consultative body to provide guidance on minimum wage adjustments, involving unions, employers and institutions, tasked with monitoring, data exchange and reporting. The advisory body is a new body, and it will be responsible for examining and regularly monitoring changes in the level of the social minimum wage and for exchanging information on the setting and updating of the legal minimum wage. Therefore, it may request reports, analyses, studies or statistics from the General Inspectorate of Social Security, the National Institute for Statistics and Economic Studies or the Labour Market and Employment Research Network. The tripartite coordination committee, which is part of the current consultation process, addresses a wide range of political questions.
Poland (proposal)	Minimum Wage Team	The draft law provides for the establishment and designation of the Minimum Wage Team. The team would act under the minister responsible for labour as an advisory and consultative body to the Council of Ministers on issues related to the minimum wage, notably its setting and updating. The team would consist of three representatives of the minister responsible for labour, three representatives of representative trade union organisations and three representatives of representative employer organisations.
Slovakia	Commission on the Minimum Wage	Act 289/2024 in Section 8b specifies: 'For the purpose of carrying out the tasks under Section 8a, the Ministry shall establish a Minimum Wage Commission (hereinafter referred to as the 'Commission') as its advisory body.' On its composition, the act remains generic: 'The composition of the Commission, the details of the Commission's activities and the involvement of employers' and employees' representatives in the Commission's activities shall be regulated by the Commission's Statute, which shall be issued by the Ministry.'

Notes: *Criterion is only applicable to countries with statutory minimum wages. No information was available on Cyprus and Spain.*
Source: *Authors' compilation based on national regulations.*

Debates on the role of the minimum wage consultative bodies

At least three Member States – France, Germany and Luxembourg – discussed the (future) role, mandate and functioning vis-à-vis other institutions of existing, newly established or to-be-established consultative bodies on minimum wages.

In **Germany**, employers were concerned about the independent status of the Minimum Wage Commission and whether this would be preserved under the condition that they were instructed to follow the criterion specifying 60 % of median wages. According to the BDA (2024), Minister Heil's letter to the Minimum Wage Commission threatens its independence. Lesch (2024) of the German Economic Institute holds the position that political interventions, such as the increase in the minimum wage to EUR 12 in 2022 and Mr Heil's call for the 60 % median threshold would ultimately make the Minimum Wage Commission obsolete. In addition, recurrent interference from politicians could lead to a declining willingness of social partners in some areas to negotiate wages at all. The government would have the option to incorporate the 60 % median threshold into hard law, but that would raise the question of whether an independent Minimum Wage Commission would be at all necessary. This would be a decision between the autonomy of the social partners and a 'state wage policy'.

France recently introduced a new (tripartite) group dealing with wages (HCREP). The role of the existing Salaire minimum interprofessionnel de croissance (SMIC) expert group on minimum wages vis-à-vis the new group was subject to debate, and the improvement of social partner involvement in the process of setting the rates – beyond formal consultations – was mentioned. Some social partners have provided their opinions, which were attached to the 2024 report of the SMIC expert group (Ministère de l'Economie, 2024).

- The French Democratic Confederation of Labour (CFDT) stressed the importance of active cooperation between the SMIC expert group and the HCREP. For the CFDT, this partnership should make it possible to better harmonise thoughts and recommendations on the SMIC, when taking into account current economic and social issues. The CFDT also notes that the Ministry of Labour, in its plan to transpose the directive, 'would like the SMIC experts to present provisional observations on its report to the HCREP around 2 months before the final report is submitted at the end of November, so that the HCREP can issue an opinion'. The CFDT also suggests that the SMIC group of experts, 'in order to comply with the specifications of the directive on adequate minimum wages, undertakes to systematically provide reasoned responses to the questions and comments made by the social partners during their hearings. The aim of this approach is to ensure transparency in the exchanges and to provide clarification on the choices and recommendations made by the group of experts, thereby strengthening the credibility of hearing the social partners on issues relating to the SMIC.'
- The General Confederation of Labour (CGT) recalled that it has been calling for the abolition of the SMIC expert group for many years, and it was in favour of the creation of a 'pluralist wage guidance council', which could 'integrate the plural perspectives of all the social sciences, including, for example, analysis of the impact of the recent drastic reduction in the rights of employee representatives on wage dynamics'. Citing Article 7 of the European directive, the CGT reiterates its demand for reform and expansion of the expert group. This body 'no longer has a place and must be replaced by a body in which employee representatives will have a say', according to the CGT, and it hopes that the HCREP will have 'the means to commission studies and to draw up analyses and scenarios in the interests of those who create wealth, the workers'. The General Confederation of Labor – Workers' Force (FO) also wishes to increase the social partners' roles within the HCREP.
- On the employers' side, the position is to defend the role of the group of experts (whose conclusions have always been in line with employers' expectations). In its contribution appended to the expert group's report, the Movement of the Enterprises of France (MEDEF) 'reaffirms the importance of guaranteeing the SMIC expert group's role as a body of independent expertise, whose work must be part of a continuum and conducted in complete autonomy'. According to MEDEF, the group of experts 'plays an essential role in guaranteeing a rigorous and objective assessment of the SMIC'. Consequently, MEDEF warns that 'the establishment of the High Council on Remuneration, Employment and Productivity should not encroach on the remit of the group of experts', calling for 'better coordination between these two bodies' in order to 'strengthen the coherence and complementarity of their work'.

In **Luxembourg**, where the transposition has not been completed, the role of the new (to-be-established) advisory body vis-à-vis current forms of social partner involvement and the representation of social partners within the body were questioned. The CSL cautiously supports the proposal to create an advisory body but highlights potential risks. It insists that the body's purpose must enhance wage conditions without hindering existing practices. Concerns were raised about imbalances in representation (favouring state institutions) and the possibility of adverse outcomes. The CSL suggests equal representation among stakeholders and more clarity on the body's operational framework. This aligns with the opinion of the Chamber of Trade, which also recommends a more balanced representation of employers, employees and the state. The Chamber of Civil Servants and Public Employees criticises the exclusion of public sector trade union representatives from the advisory body and calls attention to military volunteer wages being below the legal minimum.

Criteria for setting minimum wages and elements they must include

A core article of the directive – Article 5 – stipulates a procedure for the setting of adequate minimum wages. Among other aspects, it requires that the setting and updating be ‘guided by criteria set to contribute to their adequacy’. According to the article:

- Member States can choose the form of regulation in accordance with their national practices (in legislation, decisions of competent bodies or tripartite agreements);
- the criteria must be defined in a clear way;
- Member States can decide on the relative weight of these criteria (and the minimum elements they are to contain);
- the criteria must include at least the following elements (Article 5(2)(a) to (d)):
  - (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 the previous edition of this report, Eurofound (2024, pp. 40–41) mapped the status quo before the transposition of the directive of the criteria that statutory minimum wage setters adhered to during the uprating round for 2024. It showed that, while the most frequently considered criterion was inflation, country-specific criteria came second, showing the diversity of practices. A targeted percentage of wages was used in more than one third of Member States, and wage levels and growth or labour productivity developments were resorted to much less often.

Table 10 highlights the extent to which this has changed since the transposition, based on the available information from regulations.

In the meantime, the elements mentioned in Article 5(2)(a) to (d) have found their way into regulations, most commonly in national legislation and typically verbatim, as expressed in the directive. The changes made suggest that the minimum elements that wage setters are to include in their criteria have typically been added in a complementary way to existing national criteria rather than replacing them.

Exceptions include **Germany**, where the responsible minister sent a letter instructing the Minimum Wage Commission to consider these elements in its uprating decisions going forward; **Malta**, where the definition of national criteria is already within the mandate of the Low Wage Commission (LWC); **Croatia** and **Ireland**, where only some elements were added verbatim, as the current lists of criteria already included the other elements; and **Slovakia**, which replaced all previous criteria with the elements in Article 5(2)(a) to (d).

In only a few cases, more extensive changes were made to the list of criteria, including in Latvia and Greece. In **Greece**, a new procedure for uprating the statutory minimum wage will be introduced from 2028 onwards. The procedure is built on the current French – formula-based – model (more information is provided in Box 4). In **Latvia**, the number of indicators (criteria) has increased from 10 to 13. Some previously required criteria have been abolished, some new ones have been added and the wording of some criteria has been revised.

In a few countries, it is not entirely clear from reviewing the regulations whether or how all elements are being considered. This concerns Bulgaria, France, Greece and Slovenia.

In addition, several countries included specific percentages of statutory minimum wages in relation to median or average actual wages in the list of criteria for wage setting. This is not mandated by the directive for the process of uprating the minimum wage, but it can be used to ensure the inclusion of the elements in Article 5(2)(b). In the transposition report, the Commission services explained that wage distribution (in the context of Article 5(2)(b)) 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 some flexibility for Member States.

The next section will provide a more in-depth look at such practices and compare the extent to which countries refer to indicative reference values – which the directive introduces in the context of Member States’ assessments of the adequacy of minimum wages – in the process of updating rates.

Table 10: Criteria adhered to in order to ensure adequacy

How are the elements of Article 5(2)(a) to (d) referred to?	Additional national criteria	Country
The elements of Article 5(2)(a) to (d) are mentioned verbatim in the directive	No additional national criteria are included.	Slovakia (as part of the adequacy assessment every four years)
They are not mentioned verbatim, but are included as part of a formula for setting wages	Percentage sum of forecast inflation and real labour productivity growth, and the criterion of approximately 47–52 % of the average wage (Decision No 35).	Romania
The elements of Article 5(2)(a) to (d) are included verbatim in (draft) legislation, along with additional national criteria	Product of the prediction of the average gross monthly nominal wage in the national economy for the following calendar year and the coefficient for calculating the minimum wage. The coefficient for calculating the minimum wage is set in such a way that the resulting amount of the minimum wage is adequate, particularly in relation to the four elements mentioned by the directive.	Czechia
	Characteristics of the national labour market, the situation of the national economy and the labour market situation of economic sectors.	Hungary
	The number of indicators (criteria) has increased from 10 to 13. Some previously required criteria have been abolished, some new ones added, and the wording of others revised.	Latvia
	The economic development scenario, published by the Ministry of Finance, and the indicators of the development of the national economy, published by the State Data Agency, were taken into account.	Lithuania
	For the biennial adaptation of wages, average wages or salaries, total wages of the reference population and the sum of hours worked by this population. For the wage indexation, the CPI.	Luxembourg
	The relationship between the minimum wage and the average wage in the national economy, announced by the Chairperson of Statistics Poland. For the criterion ‘the purchasing power of statutory minimum wages, taking into account the cost of living’, the annual average of a one-employee household’s minimum subsistence level published by the Institute of Labour and Social Affairs and the annual actual consumer price indices published by Statistics Poland were proposed.	Poland
	The criteria include the needs of workers.	Portugal
The elements are delegated to the minimum wage / low pay commissions	The minister instructed the Minimum Wage Commission to refer to the elements of Article 5(2)(a) to (d) in its uprate decision. According to Section 9(2) of the Minimum Wage Act, the Minimum Wage Commission, in setting the minimum wage, ‘is subsequently guided by collective wage developments’. Collective wage development data are drawn from the Index of Collectively Bargained Wages (*Tariflohnindex*) of the Federal Statistical Office. Specifically, in accordance with the definition of the legal minimum wage as an hourly wage, the collective hourly earnings are used as a basis. Furthermore, the Minimum Wage Commission decides, in accordance with the same Section 9(2) of the Minimum Wage Act in the context of an overall assessment of the following criteria: ◦ an appropriate minimum level of protection for workers; ◦ not jeopardising employment; ◦ fair and effective conditions of competition.	Germany
	Under the LWC regulation (L.N. 66 of 2023), the Commission is entrusted with defining the national criteria constituting the minimum wage and factoring in price level trends and wage increases from collective agreements for low-wage employees. In addition, it evaluates the feasibility of changes to the minimum wage by considering sectoral vulnerabilities, competitiveness and productivity.	Malta

How are the elements of Article 5(2)(a) to (d) referred to?	Additional national criteria	Country
Lists of criteria are expanded with elements of Article 5(2)(a) to (d) included but not verbatim	In Article 6, paragraph 3 is amended as follows: *(3) The Minister shall … take into account the increase in the share of the gross minimum wage in the average gross wage in legal entities from January to July of the current year, inflation or **changes in the purchasing power of the minimum wage**, wage trends, unemployment and employment trends, demographic trends, **productivity trends** and the overall state of the economy, propose to the Government of the Republic of Croatia the amount of the minimum wage [own emphasis of added criteria].*	Croatia
	Criteria include: ◦ changes in earnings during the relevant period; ◦ changes in currency exchange rates during the relevant period; ◦ changes in income distribution during the relevant period; ◦ changes, in the relevant period, in the levels of unemployment, employment and productivity; ◦ international comparisons, particularly with the United Kingdom; ◦ the need for job creation; ◦ the likely effect that any proposed order will have on levels of employment and unemployment, cost of living and national competitiveness. These criteria are amended by the inclusion of: ◦ changes in earnings during the relevant period, including their growth rate, general levels and distribution; ◦ the purchasing power of the national minimum hourly rate of pay, taking into account the cost of living; ◦ long-term national productivity levels and developments.	Ireland
Elements of Article 5(2)(a) to (d) are partial elements of the formula and partially considered by the consultative body	From 2028 onwards, the new formula takes into account developments in wages and prices. The Scientific Committee can recommend deviating from the formula for various reasons, including when an adjustment cannot be justified based on long-term productivity developments.	Greece
Not all elements visible in the criteria are included based on the currently available regulations ([a])	**Bulgaria.** Unclear how long-term productivity developments and the purchasing power of minimum wages are considered (based on current law). **France.** Unclear how long-term productivity developments feature. **Slovenia.** Unclear how long-term productivity developments and the level of wages and wage distribution are considered.	

([a]) *Based on Eurofound analysis; see general disclaimer.*
Note: *No information on new laws is available yet regarding Bulgaria, Cyprus and Spain.*
Source: *Network of Eurofound Correspondents.*

Box 4: New uprating procedure in Greece from 2028

According to the new Law 5163/2024 (Article 6), the determination of the minimum wage from 2028 onwards will be made using clear criteria and objective procedures, based on a coefficient derived from the sum of: (1) the annual percentage change in the CPI, specifically for households in the lowest 20 % of the income distribution, and (2) half of the annual percentage change in the purchasing power of the General Wage Index during the same period. In simple terms, the inflation rate for households in the lowest 20 % of the income distribution and the purchasing power of the General Wage Index of the Greek economy will be considered.

The mathematical formula used for the minimum wage increase will be:

> *minimum wage change percentage = percentage change in the CPI for households in the lowest 20 % of income distribution + percentage change in the purchasing power of the General Wage Index/2.*

The relevant indices will be calculated by the Hellenic Statistical Authority (Elstat). Because the new system is based on a series of data and requires sufficient time for adjustment so Elstat can create new indices, the new automatic adjustment mechanism for the minimum wage will be implemented starting in 2028.

The Scientific Committee will publish an annual report assessing whether there are valid reasons to derogate from the results of the formula and to suspend the minimum wage adjustment. Several reasons are listed, including a significant recession; a substantial deviation of national inflation from the European Central Bank's target; a significant imbalance in external transactions; a marked increase in the unemployment rate; that an adjustment is not justified by levels and long-term trends in productivity or by the deviation of the minimum wage from 60 % of the gross median wage; that the adjustment exceeds the fiscal capacity of the country; or that the adjustment is not justified due to exceptional circumstances. In any case, the only permissible decision is to suspend an adjustment; the minimum wage rate cannot be reduced.

Indicative reference values guiding the adequacy assessments

The directive states, in Article 5(4), 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].'

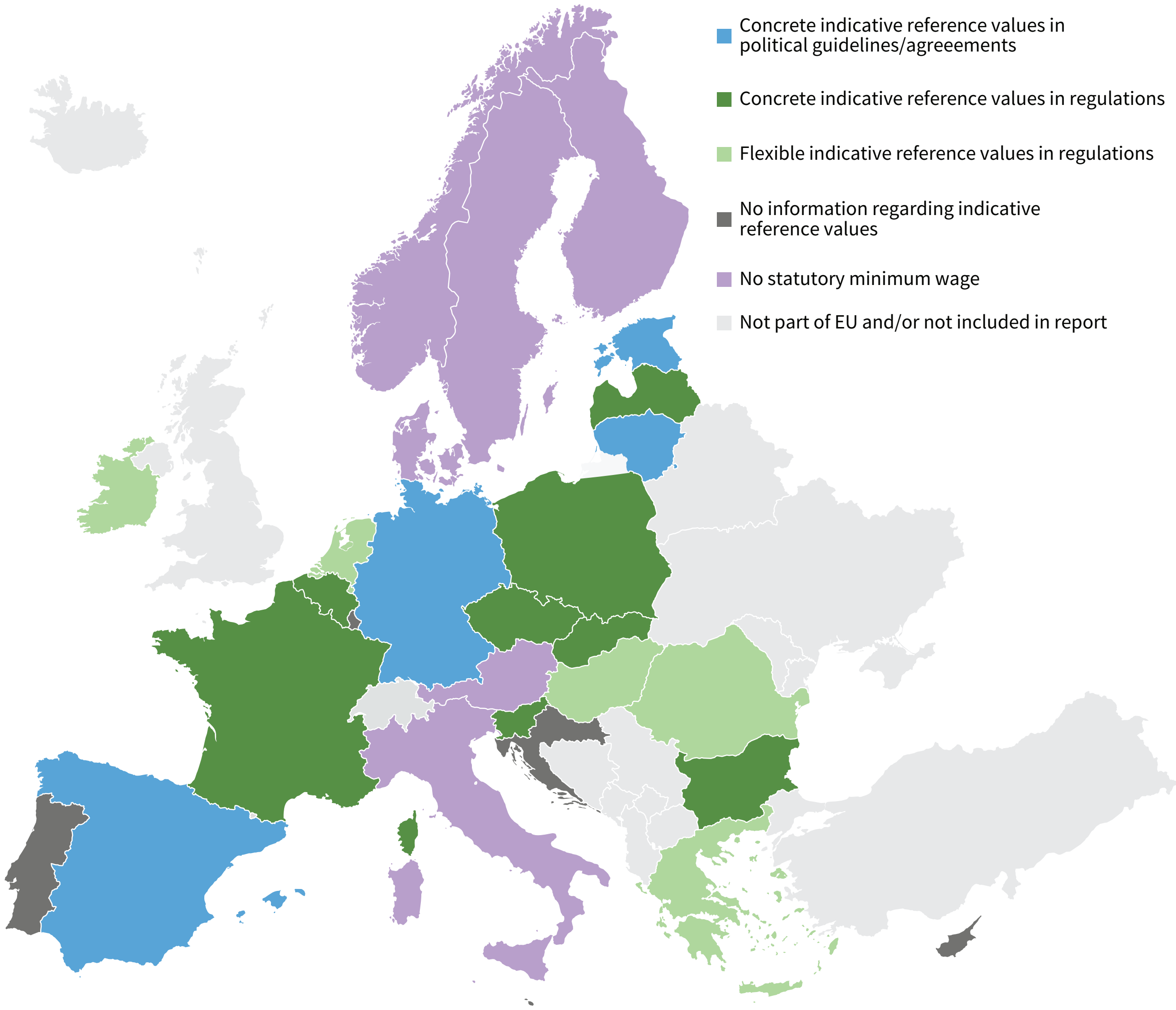
Therefore, the directive does not require countries to include such reference values in the criteria when setting new rates; however, it requires their use in assessing the adequacy of minimum wages. In addition, it does not require countries to select to adopt either of the two example values; instead, it states that countries can choose the reference values they consider appropriate. The latter is often misunderstood in journalistic articles and occasionally in policy debates, with claims incorrectly suggesting that the directive requires countries to implement the rates of 50 % of average wages or 60 % of median wages. In addition, it is worth noting that the indicative reference values used in the assessment of adequacy may change over time, and more values can be considered (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 2023).

The first comparative analysis following the transposition deadline shows that Member States continue to adopt varied approaches.

The map shown in Figure 13 and the further details given in Tables 12–15 provide an overview of how Member States with statutory (including those with collectively agreed national) minimum wages have addressed this requirement in their amended regulations (hard law) or outside legislation (based on, for example, agreements, political guidelines or other practices) and where they have not (yet) expressly done so.

- Several countries included concrete reference values in their laws, and nearly all of them opted for a certain percentage of average wages: Belgium (for the public sector), Bulgaria (in current laws), Czechia, France, Latvia, Poland (in draft law) and Slovakia. Only Slovenia, which already applies an approach based on the minimum cost of living (a basket-based approach), continues to refer to this method (see Table 12).
- Other countries also referred to reference values in regulations but were less concrete regarding the specific relative level to be used, leaving the exact rate open and subject to change or defining an approximate range: Greece, Hungary, Ireland, the Netherlands (in draft law) and Romania (see Table 13).
- In a third group, reference values are not mentioned in legislation, but some political guidelines or bipartite or tripartite agreements refer to concrete values in terms of percentages (Estonia, Germany, Lithuania and Spain), or other aspects of the wage-setting mechanism are said to consider the adequacy (see Table 14).
- No information was available on which concrete reference values will be used in assessing the adequacy of the statutory minimum wage from Croatia, Cyprus, Luxembourg (in draft law), Malta and Portugal (in draft law) (see Table 15).

Figure 13: Overview of Member States' approaches to indicative reference values



Note: *Belgium is for the public sector only, Bulgaria is based on current law and Estonia provides values in a tripartite agreement.*
Source: *Authors' creation based on national regulations and assessment by the Network of Eurofound Correspondents.*

In addition, Tables 12–15 indicate whether the regulations refer to these values in the context of adequacy assessments (as required in the directive), or whether they are used as criteria when setting the new rates (which is not strictly required by the directive). However, adding a certain percentage of statutory minimum wages to average/median wages as a criterion in wage setting captures the elements of Article 5(2)(b), the general level of wages and their distribution, and 5(2)(c), the growth rate in wages, which minimum wage setters must consider when setting and updating minimum wages. For information regarding wage setting in individual countries, this section should be read in conjunction with the related section 'Criteria for setting minimum wages and elements they must include'.

Czechia and Slovakia are the only countries where the reference values used for the updating process, expressed as percentages of average wages, may differ from those used to guide adequacy assessments. France is the only country that refers to two reference values for the adequacy assessment: the values that are mentioned as examples in the directive. However, several countries – Czechia, Latvia and, potentially, Romania – have selected indicative reference values below those 'commonly used at international level'.

Finally, only a few countries with statutory minimum wages have made an explicit reference to 'adequacy assessments' in their new regulations.

Adequacy assessments in the regulations

Regarding the assessment of adequacy, only a minority of Member States have included the requirement to assess the adequacy of minimum wages at regular intervals in their regulations. These are Belgium (for the public sector), France, the Netherlands and Slovakia; all of them require this every four years. Table 11 provides an overview of how countries have referred to the adequacy assessment in their regulations.

The related working paper – accompanying this year's report – provides examples from three Member States (Czechia, Lithuania and Slovenia) of such adequacy assessments (Eurofound, 2025a).

Table 11: How adequacy assessments are implemented in regulations

Implementation of adequacy assessments in regulations	Countries
No (draft) regulations publicly available yet and no further information available	Bulgaria, Cyprus and Spain
No mention of the adequacy assessment in the (draft) regulations or similar publicly available publications	Croatia, Hungary, Latvia, Luxembourg, Malta and Slovenia
Adequacy ensured as part of the regular annual setting	Czechia, Germany, Greece, Ireland, Lithuania, Poland, Portugal and Romania
Adequacy assessed (at least) once every four years	Belgium (public sector), France, the Netherlands and Slovakia

Note: *Estonia has not implemented the provisions of the directive in relation to statutory minimum wages. Slovenia has made no change to the minimum wage text, but an adequacy assessment was carried out. See Eurofound, 2025a.*
Source: *Authors' compilation based on national regulations and assessments by the Network of Eurofound Correspondents.*

Concrete reference values included in regulations

Most Member States with statutory minimum wages have included concrete indicative reference values in their national regulations. This includes (roughly ordered by the relative level of the reference values) Latvia, Czechia, Bulgaria (in the current law), Belgium (for the public sector), France, Poland (in the proposed draft law), Slovakia and Slovenia.

Table 12: Countries with concrete indicative reference values and their approaches to assessing adequacy

Country	Indicative reference values	As criterion for setting/updating	In adequacy assessment	Assessment of adequacy in the regulation
Belgium (public sector)	The indicative reference value of 50 % of the average gross salary and wage	No	Yes	The adequacy of the guaranteed remuneration is reassessed every four years based on the advice of the joint committee for all public services (Committee A), taking into account the four elements mentioned in Article 5 of the directive and the indicative reference value.
Bulgaria ([a])	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 (based on current law, whereby proposed changes are to be under discussion by the end of November that would eliminate/replace this value)	Yes	No	No draft law or information is currently available.
Czechia	47 % of average monthly wages	Not included directly; for more information, see section 'Criteria for setting and elements they are to contain'	Yes	The coefficient for calculating the minimum wage is set in such a way that the resulting minimum wage is adequate, particularly in relation to the four elements mentioned in Article 5 of the directive. The indicative reference value will be used to assess adequacy. RILSA (2023) developed a methodology to assess the current adequacy in 2023, with updates made in 2024. See more in Eurofound, 2024a.
France	50 % of the average wages of full-time workers and 60 % of the median wages of full-time workers	Not included	Yes	Assessment performed at least every four years by the minister, with regard to the two mentioned indicative reference values, based on new Article D.3231-2-2.
Latvia	46 % of the average gross wages and salaries calculated by the Central Statistical Bureau for the most recent 12 months for which data are available	Yes	No	No mention of adequacy assessment in the (draft) regulations or similar publicly available publications.
Poland ([a]) **(proposed value)**	55 % of the projected average wage	Yes	Yes (as in the explanatory memorandum)	Article 10 of the draft law does not directly refer to the adequacy assessment, but it does note the following: *2. The indicative reference value referred to in paragraph (1) shall be used for the annual assessment of the minimum wage amount.* However, the explanatory memorandum to the draft act states that the indicative reference value is intended to assess the adequacy of the minimum wage.
Slovakia	60 % of average monthly wages in the year preceding the year in which the minimum wage is set is the value used in wage setting; however, 50 % of the current monthly wages is used in the adequacy assessment	Yes	Yes	According to the amendments (Act No 289/2024, Article I, §8a), the Ministry of Labour, Social Affairs and Family will assess the adequacy of the minimum wage at least once every four years. At minimum, this will cover the elements of Article 5(2) and an indicative reference value set at 50 % of the average nominal monthly wage in that year.
Slovenia	The 2018 Minimum Wage Act (ZMinP) in Slovenia establishes that the net minimum wage is set between 120 % and 140 % of the minimum living costs, which are recalculated every six years (Social Assistance Benefits Act)	Yes	Yes	No reference to adequacy (assessment), but the basket of minimum living costs is recalculated every six years. (See more on the Slovenian approach to adequate minimum wages in Eurofound, 2025a.)

([a]) *Countries that have not yet transposed the directive and Article 5(4) into national law.*
Source: *Network of Eurofound Correspondents.*

Flexible reference values in regulations

Fewer Member States applied more flexible approaches to the indicative reference values mentioned in their regulations. These countries include Greece, Hungary, Ireland, the Netherlands and Romania.

Table 13: Countries with flexible indicative reference values in laws and their approaches to assessing adequacy

Country	Indicative reference values	As criterion for setting/updating	In adequacy assessment	Assessment of adequacy in the regulation
Greece	Article 6 of Law 5163/2024 lists several reasons the Scientific Committee (as a consultative body) can use to recommend derogating from the results of the formula applied when updating the rate. Among others (see Box 4), these include if the adjustment cannot be justified by the deviation of the minimum wage from 60 % of the gross median wage. In addition, the Scientific Committee has been tasked with deciding the indicative reference values to be used in the adequacy assessment.	No (at most indirectly)	No	The law does not provide additional information or a clear explanation of how the phrase 'or by the deviation of the minimum wage from sixty percent (60 %) of the gross median wage' is to be applied. While it is included as one of the criteria that the Scientific Committee may consider when deciding whether to endorse the determination of the minimum wage based on the mathematical formula, the law offers no guidance on how this assessment should be carried out. It is implied that the adequacy of the minimum wage is linked to its alignment with 60 % of the median wage and that this factor will be taken into account if the Scientific Committee proposes an alternative that involves not adjusting the minimum wage. The rest of the law contains no further reference to the 60 % threshold as a benchmark for wage adequacy.
Hungary	Article 11 of Government Decree 308/2024 states that social partners shall endeavour to ensure that the statutory minimum wage and the guaranteed minimum wage reach 50 % of the average regular gross earnings calculated on the basis of the data available from the Central Statistical Office for the preceding year. The three-year wage agreement of the Permanent Consultation Forum of the Government and the Competitive Sector (VKF) sets a target of a minimum wage of 50 % of average regular gross earnings by 2027.	No	No reference to adequacy assessment in relation to the mentioned values, but mentioned in relation to social objectives	Article 9 states that the VKF shall determine the adequacy of the amount of the statutory minimum wage and the guaranteed minimum wage by taking into account the following objectives: achieving a decent standard of living, reducing in-work poverty, promoting social cohesion and upward social convergence and reducing the gender pay gap.
Ireland	The amended law now includes an extension of the criteria to be taken account in wage setting, including in paragraph j: 'indicative reference values used at international or national levels, such as 60 % of the gross median wage, in order to guide the assessment of the adequacy of the national minimum hourly rate of pay'. The law also entitles the minister to set 'prescribed percentages', which the LPC is to take into account, and the Commission itself advises the minister on these percentages.	Yes	Yes	Statutory Instrument 633 of 2024 refers to the elements of Article 5(2) and the 'indicative reference values used at international or national levels, such as 60 % of the gross median wage, in order to guide the assessment of the adequacy of the national minimum hourly rate of pay'.

Country	Indicative reference values	As criterion for setting/updating	In adequacy assessment	Assessment of adequacy in the regulation
Netherlands ([a]) (proposal) (as part of adequacy assessment)	The government has decided to define the indicative reference values, which will guide the assessment of minimum wage adequacy, in a ministerial regulation. This enables adjustments to be made without the need for legislative changes, providing a more responsive mechanism that can adapt to current needs.	No	Yes	Assessments of the adequacy of the statutory minimum wage are to be integrated into the four-yearly evaluations of the minimum wage system. These evaluations, mandated by the Dutch government, aim to ensure that the minimum wage supports a decent standard of living, while aligning with social and economic objectives.
Romania	It uses the approximate (*orientativ*) reference level of 47–52 % of the average wage.	No	Yes	The amendment of Article 164 (paragraph 4) of the Labour Code makes the adequacy assessment part of the ‘procedure for applying the mechanism for establishing and updating the minimum gross basic salary per country guaranteed in payment’, which shall be determined by a government decision. The law itself refers to the selected *orientativ* reference values for assessing the degree of adequacy.

([a]) *Countries that have not yet transposed the directive and Article 5(4) into national law.*
Source: *Network of Eurofound Correspondents.*

Reference values in political guidelines or agreements

Another group of countries opted not to enshrine any indicative reference values in their hard law, but such reference values are, nevertheless, present in the setting through other means. In Estonia and Lithuania, they are based on previous bipartite and tripartite agreements. In Germany and Spain, values were communicated as political guidance, and the expert-led minimum wage commissions were asked to consider these guidelines in their recommendations.

Table 14: Countries with indicative reference values in sources other than legal regulations and their approaches to assessing adequacy

Country	Indicative reference values	As criterion for setting/updating	In adequacy assessment	Assessment of adequacy in the regulation
Estonia ([a])	Tripartite goodwill agreement signed in 2023 sets targets for increasing the national minimum wage until 2027. It 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.	Not applicable (based on government’s position)	Not applicable (based on government’s position)	Not applicable (based on government’s position).
Germany	In a letter to the Minimum Wage Commission, Minister Heil stated that, starting with its next decisions for 2026 and 2027, the Minimum Wage Commission would have to take into account the 60 % of the gross median wage criterion for adequacy. The Minimum Wage Commission would have to take this criterion into account and refer to the criterion in its report and in the statement accompanying its decision. Minister Heil declared that the reference value must be the pay received by full-time employees (Heil, 2024).	Yes	Yes	Minimum wage commission is to take into account the 60 % of the gross median wage criterion for adequacy, refer to the criterion in its report and in the statement accompanying its decision, and ‘bring the European guidelines to life’ in Germany (Heil, 2024).
Lithuania	Values of 45–50 % of average wages were agreed by the TC in 2017 and are continuously referred to in the setting of the rates.	Yes	Yes	Ensuring adequacy is part of the TC’s setting obligation; it must discuss the elements contained in Article 5(2) of the directive. Such an adequacy assessment was part of the decision around the increase of the minimum wage for 2025 – (see more details in Eurofound, 2025a.)

Country	Indicative reference values	As criterion for setting/updating	In adequacy assessment	Assessment of adequacy in the regulation
Spain	In its 2025 report, the expert group appointed by the government used a reference value of 60 % of the net average wage to propose an increase for 2025. The mandate of the expert group was, first, to estimate the full-time net average wage for 2024. Based on this estimate, the expert group made a proposal for an increase to move towards the 60 % average wage by the end of the term.	Yes	No draft law or information currently available	No draft law or information currently available.

([a]) *Countries that have not yet transposed the directive and Article 5(4) into national law.*
Source: *Network of Eurofound Correspondents.*

No information on indicative reference values

In another group of countries, the analysis of national regulations and other publicly available materials did not result in the identification of which reference values ultimately guide the assessment of adequacy. This includes Croatia, Cyprus, Luxembourg, Malta and Portugal.

Table 15: Countries that did not stipulate indicative reference values and their approaches to assessing adequacy

Country	Indicative reference values	As criterion for setting/updating	In adequacy assessment	Assessment of adequacy in the regulation
Croatia	None mentioned.	Not applicable		No mention of adequacy assessment in the (draft) regulations or similar publicly available publications.
Cyprus ([a])	None mentioned.	Not applicable		No draft law or information currently available.
Luxembourg ([a])	Luxembourg, in the motivation part of the draft law (No 8437), argues that the adaptation of the (minimum) wages to the CPI maintains the purchasing power of employees in Luxembourg. It refers back to recital 28 of the directive, which refers to a basket of goods and services at real prices established at the national level that can help determine the cost of living, with the aim of achieving a decent standard of living. It argues that the interaction between the structural adaptation mechanism of the minimum social wage provided for by the law and the indexation system ensures the adequacy of the country's social minimum wage, so that there is no need to refer to other indicative reference values commonly used at the international level, which the directive suggests only as examples.	No	Yes (implicitly)	No mention of adequacy assessment in the (draft) regulations or similar publicly available publications.
Malta	None mentioned.	Not applicable		No mention of adequacy assessment in the (draft) regulations or similar publicly available publications.
Portugal ([a])	Amended Article 3 states that, for the purpose of assessing the adequacy of the guaranteed minimum monthly wage, indicative benchmarks used at the international level and/or the national level may be used. However, it does not provide concrete indicative reference values or guidance on adequacy assessment.	No	Yes	Only mentioned.

([a]) *Countries that have not yet transposed the directive and Article 5(4) into national law.*
Source: *Network of Eurofound Correspondents.*

Table 16: Time horizons to reach indicative reference values

(Non-)inclusion of time horizons	More information	Countries
Indicative reference values already achieved	The reference value already plays a role in determining the current minimum wage rate, as the requirement to set the minimum wage at least 20 % above the minimum cost of living has been in place since 2021.	Slovenia
	This is to be verified in an adequacy assessment every four years.	France
	Regulation No 730, which established the reference value, also defines an annual schedule for reviewing the minimum wage. The reference value for 2026 must be taken into account during the 2025 process and going forward. The 2024 increase predated the regulation, but the value has (nearly) been achieved.	Latvia
No concrete time horizon in legislation for reaching the indicative reference values, but in principle with immediate effect	Law 283/2024 changes the existing Labour Code, so this applies immediately. The 2025 minimum wage was announced on 27 November 2024, after the adoption of Law 283/2024.	Romania
Selected reference values to be reached over time, indicating a clear path and time horizon	This applies from 2025 for the rates for 2026 and going forward.	Germany, Lithuania and Slovakia
No concrete time horizon in (draft) legislation for reaching the indicative reference values		Belgium (public sector), Czechia, Hungary (although the government refers to 2027 as the target), Poland
No concrete indicative reference values in legislation		Croatia, Greece ([a]), Ireland ([b]), the Netherlands and Portugal

([a]) *The value of 60 % of the median wage is not referred to as an indicative reference value that is set in stone, but the Scientific Committee is to select and apply the values as of 2028.*
([b]) *The value of 60 % of median wages is mentioned as an example. In 2022, the Irish government asked the LPC to ensure that the statutory minimum wage reaches 60 % of the median wage from 2026 onwards.*
Notes: *In Luxembourg, the draft law is still under review. No draft law in Cyprus and Spain is publicly available, and there are no indicative reference values indicated for Malta. Not applicable for Estonia.*
Source: *Network of Eurofound Correspondents.*

Time horizons

Table 16 above provides an overview of the inclusion of time horizons for reaching the indicative reference values.

Variations and deductions

In Article 6 (further explained in recital 29), the Minimum Wage Directive discourages the use of variations in minimum wage rates or deductions, as these could jeopardise the adequacy of the statutory minimum wage rates. If such variations or deductions are allowed, they should follow the principle of non-discrimination, be proportionate and follow the pursuit of a legitimate aim. At present, variations in the statutory minimum wage rates exist in several Member States (see section 'National sub-minimum and higher rates'). Variations are most frequently in the form of lower rates for younger workers. In addition, deductions from the basic rates are allowed in some countries (see Eurofound's country profiles on minimum wages; Eurofound, undated).

The (proposed) changes to the regulations made in the context of the transposition of the directive show that no major changes, such as the abolition of variations, have yet been implemented in this regard, but changes are being contemplated in three countries with youth minimum rates: Ireland, Malta and the Netherlands.

In **Ireland**, the Low Pay Commission (LPC) procured a report on sub-minimum wages in 2023 (Redmond et al., 2023), conducted a stakeholder consultation process and considered the development of policies in relation to sub-minimum youth rates in Ireland and at the European level as a basis for its publication (LPC, 2024). In this report, it also examined the need for objective justification for sub-minimum rates under the EU Minimum Wage Directive. The LPC states that it was unable 'to identify the specific "legitimate aim" of sub-minimum youth rates based purely on age alone' and that, 'when possible justifications for sub-minimum youth rates were considered, no justifications were identified that had a sufficient evidentiary base to clearly justify retaining sub-minimum youth rates based purely on age alone'. Therefore, it recommends abolishing all youth minimums (no sooner than 1 January 2025), arguing that their continued use cannot be justified. When considering the timelines for any changes to the operation of youth rates, the LPC recognises that this is a complex issue that will require the full deliberation and consideration of the government and may require further legal advice and consultation with stakeholders.

Similarly, the **Maltese** government has not yet changed its youth minimum rates, which have been in place since the 1970s. However, in its report *Poverty reduction and social inclusion strategy*, the government states that it plans to establish a single national minimum wage floor and introduce a review of the national minimum wage. In particular, the Government of Malta (2024) recommends establishing one national minimum wage floor and removing the rate for those aged 17 and under.

The Netherlands – being the country with the most pronounced youth minimum wage system in place – does not currently plan to change the regulation with regard to youth minimums, arguing that they serve a legitimate and proportionate aim and, therefore, comply with the directive. The legitimate aim is to encourage young people to pursue further education after secondary school and to prevent premature entry into the labour market without completing further education. In designing and determining the statutory youth minimum wage, a balance was sought between strengthening the income position of working young people, on the one hand, and the effects on participation in education and youth employment, on the other. A higher wage might make it more attractive for this group to work instead of pursuing education, potentially leading to negative effects on their educational attainment and subsequent labour market positions.

Separate from the implementation of the directive, the **Dutch** government has announced that it will conduct an exploration into the level of the youth minimum wage. Relevant elements of the Irish LPC report will be consulted where applicable during this exploration; the report is expected to be delivered in the spring of 2025. Based on the findings, the government may take measures, such as adjusting the youth minimum wage (Eerste Kamer der Staten-Generaal, 2024).

In **Portugal**, where lower rates of 20 % less than the basic statutory minimum wage rate can be paid to workers in apprenticeships and internships for one year, the draft law includes an added article of a declarative nature: '2 – The reduction … must respect the principle of non-discrimination and proportionality and is not applicable for a period exceeding one year, including the period of training in the service of another employer, provided that it is documented and aimed at the same qualification.' Likewise, Article 4 acknowledges that 'Rebates must comply with the principle of non-discrimination and proportionality.'

A regional variation in the statutory minimum wage persists in **France**; this is the final point in the transposition. The government aims to ensure a convergence between the minimum wage in Mayotte and the rest of France. As of November 2024, the gross hourly rate in Mayotte is EUR 8.98, and in the rest of France it is EUR 11.88 (32 % higher than in Mayotte).

Promotion of collective bargaining and action plans

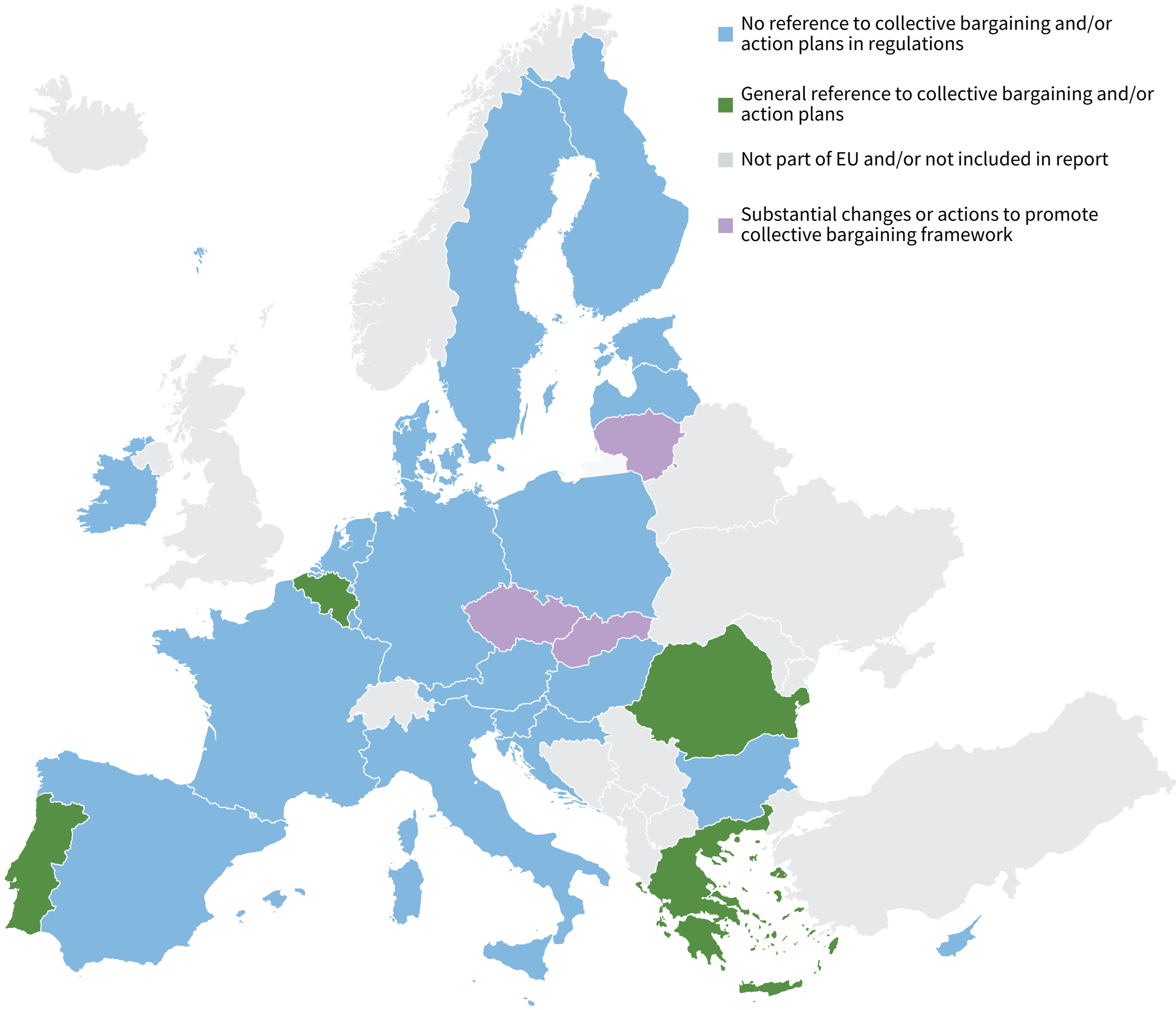
Article 4 of the EU Minimum Wage Directive requires Member States to 'draw up an action plan with a view to promoting collective bargaining and establishing a system of conditions favourable to collective bargaining, after consulting the social partners or by agreement with them'. It states that the action plan 'should set out a clear timetable and concrete measures to progressively increase the coverage rate of collective bargaining, while fully respecting the autonomy of the social partners', and this plan 'shall be reviewed periodically at least every five years'.

This is mandatory for Member States whenever the collective bargaining coverage rate is less than 80 %, which is the case in most countries. Countries are required to notify the European Commission of the establishment of such an action plan within one year of transposing the directive – that is, by the end of 2025.

As shown in Table 6, most Member States transposed the directive by the end of 2024. In some cases, the labour law changes required by the transposition referred only to Article 5 of the directive and omitted any reference to Article 4. Member States may not be legally required to reference Article 4 in legislation, but they are still obliged to devise and implement the action plans if their collective bargaining coverage is below 80 %. The fact that references to Article 4 were omitted does not mean changes in labour laws will not occur at a later stage. Negotiations with social partners regarding the necessary adjustments to labour codes, aimed at improving the legislation on collective labour agreements, are under way in many countries, and this will result in measures to promote collective bargaining and possible changes to labour legislation.

In some countries, references to Article 4 in the new national regulations merely repeat the directive, with few or negligible additions. In others, more relevant additions were included in these new regulations regarding Article 4, sometimes providing further information on the state of collective bargaining in the country or indicating some of the main challenges in promoting collective bargaining coverage in the country, and even mentioning concrete proposals in a few cases (Figure 14).

Figure 14: Overview of how countries approached the transposition of Article 4 of the Minimum Wage Directive



Source: *Authors' creation based on national regulations and information from the Network of Eurofound Correspondents.*

Countries with regulatory changes to promote collective bargaining

A minority of countries with bargaining coverage below 80 % used the transposition as an opportunity to make more substantial changes to aspects of their laws to promote collective bargaining frameworks and coverage. This includes Czechia and Slovakia.

In **Czechia**, as a result of the directive's transposition and in order to support collective bargaining, bargaining procedures have been simplified in cases where an employer negotiates a collective agreement with multiple trade union organisations. At the same time the rules regarding the coexistence of multiple higher-level agreements were adjusted. Another change was the limitation of exceptions for the extension of higher-level collective agreements to other employers. The exception no longer applies to employers in bankruptcy and now applies only to those employing fewer than 10 employees at the time of extension (originally fewer than 20 employees). The binding nature of a higher-level collective agreement now also applies to employers already bound by a different higher-level collective agreement.

Lithuania had already completed its action plan in the run-up to the transposition. The action plan was approved by order of the Minister for Social Security and Labour, and the European Commission was informed of it by 15 November 2024. The action plan (in accordance with Order No A1-709) includes measures such as round-table discussions, training, consultations, conferences and publications. In addition, Order No A1-737 defines the scope of collective agreements and the obligation of the Ministry of Social Security and Labour to provide data to the European Commission on the scope of collective agreements every two years and implements Articles 3, 4, 10 and 17 of the directive. In addition, on 16 April 2024, an agreement was reached on the project 'Developing social dialogue in order to create quality jobs and increase competitiveness', which includes 16 round-table discussions and training.

In **Slovakia**, in accordance with changes effective since 15 November 2024, if collective bargaining coverage is lower than 80 %, the Ministry of Labour, Social Affairs and Family (MPSVR) will prepare an action plan to support the development of collective bargaining. Currently, collective bargaining coverage stands at about 20–25 %.

Changes to the law were made to increase collective bargaining coverage. Representative multi-employer collective agreements can be extended again. The last extensions increased the coverage of employees primarily in companies covered by agreements concluded by the Metal Trade Union and the Integrated Trade Union.

The legislation now defines the criteria for considering multi-employer collective agreements as representative. Contracting parties inform the MPSVR of the conclusion of the representative multi-employer agreement. Either party can submit its objections against the extension of the agreement to a special tripartite commission. Once representativeness is confirmed, the MPSVR publishes the extension of the multi-employer agreement in the *Commercial Bulletin*. In the event of a dispute, the unsatisfied party can appeal to the Administrative Court.

Proposed changes were discussed with social partners at the meeting of the tripartite Economic and Social Council on 20 May 2024: trade unions agreed with the proposed changes, while the employer organisations (the National Union of Employers (RÚZ), Federation of Employers' Associations of the Slovak Republic (AZZZ SR) and Association of Industrial Unions and Transport (APZD)) opposed reintroducing the extension of multi-employer collective agreements. Nevertheless, the proposed changes were adopted by the parliament and have been in effect since January 2025.

Countries that included general references to action plans or the promotion of collective bargaining in their regulations

Belgium

The collective bargaining coverage rate is well above the 80 % threshold, at approximately 96 %. Monitoring the coverage rate will take place every two years. The law transposing the directive states that, if the collective bargaining coverage rate falls below the 80 % threshold, a framework will be provided to improve the conditions for collective bargaining using a new law that should be adopted following consultation with the National Labour Council. If the National Labour Council has not developed an action plan within one year of the invitation of the Minister of Labour, the minister will develop an action plan that will be submitted to the National Labour Council for review.

Greece

To promote collective bargaining, the law provides for the development of an action plan at the decision of the Minister of Labour and following consultation with social partners. The action plan will span from one to five years and 'shall set out a clear timetable and specific measures for the gradual increase in the percentage of coverage by collective bargaining, with full respect for the autonomy of the social partners'. The preparation of the action plan should be completed by December 2025.

> *The measures of the action plan concern in particular: a) encouraging the effectiveness of collective bargaining and the capacity of workers' and employers' organisations to conduct collective bargaining, b) creating databases with data, in particular on wages, production costs, the competitiveness of the Greek economy and employment and c) carrying out studies, research, information and educational activities on collective bargaining issues.*
>
> (Law 5163/2024 (Greece), Article 5)

Portugal

The draft law transposing the directive largely repeated what is already said in Article 4 of the directive, only adding that 'The formula for calculating the collective bargaining coverage rate in Portugal, for the purposes of transposing this Directive and within the scope of the action plan, is the responsibility of the Higher Council of Statistics, with the National Institute of Statistics.'

Romania

By decision of the government, at the proposal of the Ministry of Labour and Social Solidarity, an action plan is established in consultation and/or agreement with the social partners in the National Tripartite Council for Social Dialogue. It is reviewed periodically or at least once every five years to support the increase in the coverage rate of collective negotiations at the national level towards reaching 80 % coverage.

Countries with no reference to collective bargaining promotion or action plans in new regulations

Action plans do not need to be included in the regulations to transpose the directive; however, they are part of the implementation of the directive. Most Member States have opted not to mention the plans or any other aspects aiming to promote collective bargaining in the (draft) regulations. This concerns Croatia, Estonia, France, Hungary, Ireland, Latvia, Luxembourg, Malta, the Netherlands, Poland and Slovenia.

No information is available on how other countries intend to implement the action plans or promote collective bargaining, as no changes to laws were made or no draft regulations were available. This concerns both countries with a bargaining coverage significantly below the threshold (Bulgaria, Cyprus and Germany) and those with a coverage close to or above the 80 % threshold (Austria, Denmark, Italy, Finland, Spain, Slovenia and Sweden).

However, discussions on the contents of the action plans are already under way in many of these countries and are at the drafting stage.

Other changes related to the transposition

Finally, here is a (non-exhaustive) selection of other changes that were made to laws during the transposition.

Minimum wages cannot be lowered and are the basic floor

- **Belgium (public sector).** Minimum wages can no longer be lowered through the indexation mechanism; while it never happened in practice, this was previously a theoretical possibility.
- **Croatia.** It repealed Article 8 of its Minimum Wage Act, which stipulated that rates in collective agreements could be up to 5 % lower than the statutory minimum wage.
- **Greece.** Law 5163/2024 ensures that the revision of the minimum wage cannot involve a reduction (Articles 6 and 15) from 2025 onwards.
- **Luxembourg (draft).** It proposes repealing Article L.222-6, which allowed employers to delay minimum wage application under specific conditions.

Timing and frequency of updates

- **Latvia.** Regulation No 730 provides a schedule for the annual revision of minimum wages (Articles 3–8). Previously, the practice was to update the minimum wage every second year.
- **Poland (draft act).** Given that the mechanism for setting the minimum wage in Poland is considered semi-automatic, the draft act provides that the minimum wage is to be reviewed every four years, taking into consideration the criteria for updating. However, an update will also be considered annually when determining the minimum wage.
- **Romania.** It has a fixed calendar for minimum wage increases, which are to take place once per year as of 1 January 2025.

Extending the scope of application or ensuring coverage

- **Belgium.** With regard to coverage, the National Labour Council has been tasked with examining specific categories of workers who may potentially be insufficiently or not covered. In collaboration with the competent authorities, it must assess to what extent issues related to coverage or wage levels for these private sector employees – whether under an employment contract or another type of working relationship as defined by legislation, collective agreements or practices in force in the Member State – can be justified or addressed with an appropriate solution.
- **Greece.** From 2025 onwards, minimum wage adjustments will also apply to public sector employees (Article 14 of Law 5163/24).

Protection against unfair dismissal

- **Luxembourg.** In terms of protection against unfair dismissal, Article L.222-11 is proposed as a new article in the Labour Code. It protects employees who ask to benefit from the minimum wage. This new article provides that the end of an employment contract is to be deemed null and void if it is because the employee has benefited from or has asked to benefit from the provisions relating to the social minimum wage.

4 Minimum wage earners and housing

This chapter starts by presenting Eurofound's latest estimate of the proportion of employees who earn the minimum wage in Member States, based on comparative wage data from the 2023 edition of EU-SILC. In light of current policy debates, the second part examines how minimum wage earners are affected by rising housing prices in the EU.

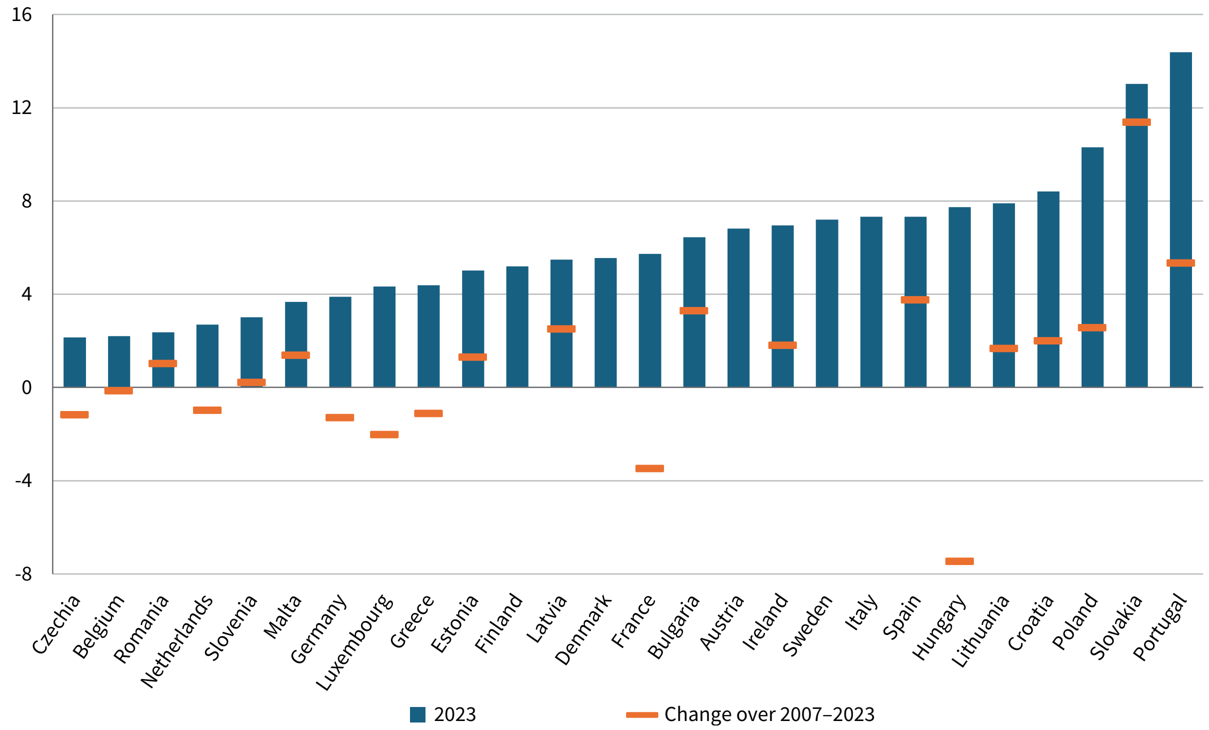
Estimating the shares of minimum wage earners

Estimating the proportion of employees earning around the minimum wage in each country is methodologically challenging, given the limitations in the available sources of comparable country-level microdata. Although results must be interpreted with care, an attempt to estimate these shares is made here using data from EU-SILC. Employees earning the minimum wage are identified among those earning a wage that deviates by ± 10 % from the national minimum wage in their country (15).

Figure 15 shows the proportion of minimum wage earners among the total number of employees in each Member State in 2022 (based on the 2023 edition of EU-SILC, with countries ranked from lower to higher rates) and how that proportion has changed over the past 15 years. Two main insights emerge.

First, there are significant differences in the share of minimum wage earners between countries. The shares

Figure 15: Proportion of employees earning close to the minimum wage, EU Member States, 2007 and 2023 (%)



Notes: *Data on the change over the period (change in the proportion of minimum wage earners, expressed in pps) refer to the EU-SILC edition in 2007 as the initial year, except for Bulgaria and Croatia (2010) and Germany (2016). For countries without national minimum wages, data on the change over the period are missing because no information on the average level of minimum wages (based on the lowest rates across 10 jobs) was collected by Eurofound before 2020. Data regarding Cyprus are missing because its statutory minimum wage was only adopted in 2023.*
Source: *EU-SILC, 2007–2023 (referring to wage information for 2006–2022), and Eurofound calculations.*

(15) Due to data issues, it is not possible to empirically capture with precision those employees earning exactly the minimum wage in each country (see Eurofound, 2014, for full details of 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 this could be the result of different sub-minimums – for instance, lower levels or exemptions from minimum wages among certain groups – or the imprecision of EU-SILC labour income data, which may not reflect the actual monthly wage level. Moreover, caution is needed when estimating shares of minimum wage earners in countries with no statutory minimum wages (Austria, Denmark, Finland, Italy and Sweden) because the minimum wage rate used for these countries was obtained by calculating an average for the 10 lowest collectively agreed minimum wages identified by the Network of Eurofound Correspondents. This is a statistical construction, as no single minimum wage level exists in these countries.

are higher in Portugal, Slovakia and Poland (above 10 %) and much lower (below 3 %) in Czechia, Belgium and the Netherlands [16]. Second, the share of minimum wage earners has increased in more than half of the countries with available time series data (13 out of 21 countries). This is consistent with the fact that minimum wages have progressed more than the average and median wages in most countries (see Chapter 1). This explains why a larger number of employees are more likely to approach pay levels around the minimum wage floors, which are rapidly rising, and thus why the segment of minimum wage earners expanded most significantly in countries – such as Slovakia, Portugal, Spain, Poland or Latvia – where minimum wages clearly outperformed average or median wages and the Kaitz Index values moved notably upwards (see Chapter 1).

Housing crisis in the EU: how are minimum wage earners affected?

As the share of minimum wage earners is increasing in many countries, the question of how they fare economically becomes more relevant. The EU Minimum Wage Directive promotes the adequacy of minimum wage levels, which can be argued to have a relative dimension (associated with the fairness of minimum wages relative to other wages; see, as an example, the reference values of 50 % of the average and 60 % of the median wages) and an absolute dimension (what minimum wage earners can afford).

The absolute adequacy of a wage level depends on the cost of living in the country, which has increased substantially over the last few years across the EU. In the 2024 edition of this annual review, the impact that the general increase in the cost of living had on minimum wage earners was investigated, and its effect on their financial situations was compared with those of comparable households earning more (Eurofound, 2024). While the impacts of the energy and general cost-of-living crises gradually decreased across the EU over 2024, one factor remains in the spotlight: housing costs. Rent and house prices have outpaced overall inflation since the start of 2024: a 4.9 % increase in the house price index and a 3.2 % increase in the rent component of inflation compared with a general inflation rate of 2.7 %.

In addition, the cost of housing has been increasing significantly for years: between 2015 and the fourth quarter of 2024, house prices in the EU increased by 54.4 % and rent by 17.4 % (Eurostat, 2025). Utility costs, which often disproportionately affect poorer households, increased by 29.7 %, 54.6 % and 61.6 % for water, electricity and gas, respectively. In Hungary, rent increased by 88.5 % over the same period; Hungary was closely followed by Slovenia (73.3 %) and Ireland (67.1 %). In response, there is no shortage of policy initiatives addressing concerns about disproportionate housing costs and their effects. On 17 September 2024, the EU appointed Dan Jørgensen as its first-ever Commissioner for Energy and Housing. He promptly announced an affordable housing initiative.

In relation to this appointment, the ETUC commented in November 2024 on minimum wage levels in many Member States vis-à-vis the high housing costs. According to its analysis, the average cost of rent for a property with at most two bedrooms is more than 35 % of the national minimum wage in 14 Member States (ETUC, 2024). It also stresses that this analysis is based on national averages and that costs are likely to be much higher in urban areas.

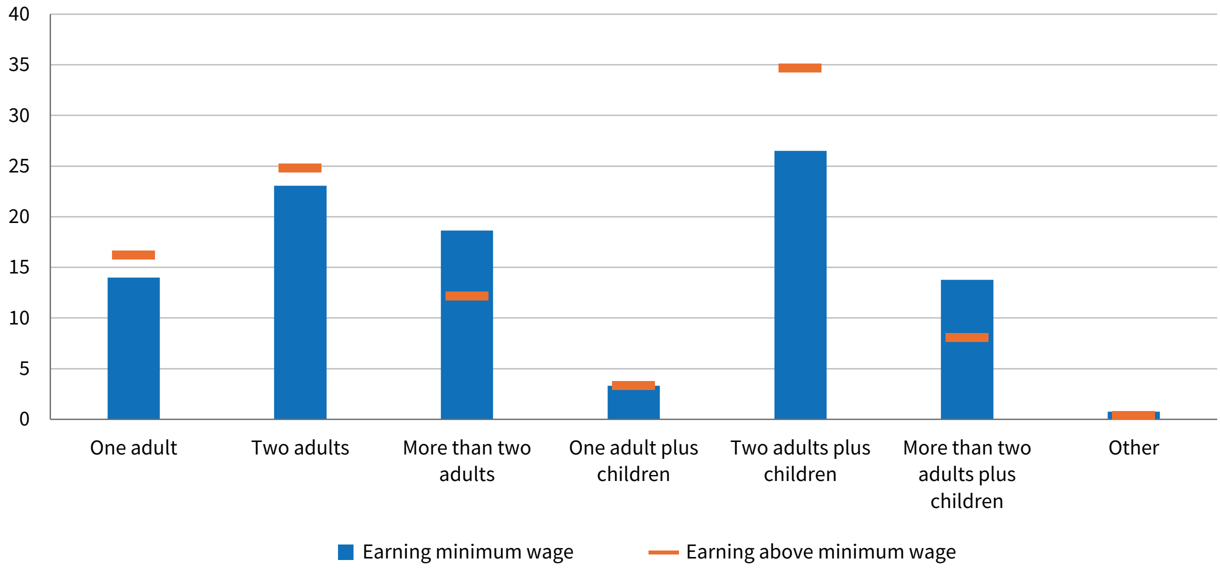
To what extent are minimum wage earners disproportionately affected by high housing costs? The following analysis aims to shed some light on this question using the latest available EU-SILC data, which were collected in 2023. Because housing prices outpaced general inflation in 2024, housing-cost-related challenges for minimum wage earners have probably increased since 2023.

Household composition for minimum wage earners

The relative importance of housing costs for a given household depends crucially on who and how many people are living together, as this reflects the number of incomes and dependents. Housing costs are collected at the household level in the EU-SILC survey. Figure 16 shows that, overall, minimum wage earners live in similarly composed households as those earning more. However, the most pronounced difference is that they disproportionately live in households with more than two adults, such as the case of adult children continuing to live with their parents.

(16) Romania’s share was also below 3 %, although the data must be considered with care, as the share fluctuated notably in some years, which may indicate data quality issues. The share of minimum wage earners in Romania was higher in 2018, consistent with the large increase in the minimum wage that year. However, it declined significantly in the subsequent years up to 2022, consistent with the much more moderate hikes in the statutory rate during 2019–2022.

Figure 16: Share of employees living in different types of households, EU-27, 2023 (%)



Note: *Data refer to averages across the EU and to the share of employees (minimum wage earners and those earning more than minimum wage) found in different types of households (totalling 100 %).*
Source: *Eurofound calculations based on EU-SILC (2023).*

Such multiple-adult households can provide minimal insight into the adequacy of minimum wages with respect to housing, as their situations are unlikely to be directly comparable between minimum wage earners and others, in terms of the numbers of incomes and dependents. The sizeable proportion living in single-adult households, on the other hand, are likely to rely on one minimum wage income for their livelihood and so are a good group for assessing the adequacy of minimum wage levels ([17]).

Therefore, in order to meaningfully compare housing costs between minimum wage earners and those earning more, the following analysis excludes students whose primary activity is education and focuses on single-adult households – that is, individual minimum wage workers. This, of course, comes with the limitation of reducing the sample considerably and does not reflect the full population of minimum wage earners or households. For example, the median age of non-student minimum wage earners in the full sample in 2023 was 40, while those living in single-adult households are older, at a median age of 44 ([18]).

Perceived burden of housing costs (single-adult households)

Figure 17 shows the perception of the financial burden of total housing costs for full-time employees living alone ([19]). Minimum wage earners perceive the costs of housing as more strenuous than those earning more, on average (35.6 % compared to 21.7 %), a distinction that persists for homeowners and tenants in urban and rural areas. This suggests that potential differences in the types and costs of housing cannot offset the relative financial burden. The difference in perceptions is least pronounced for urban homeowners (6.0 pps) and most pronounced for urban tenants (17.1 pps).

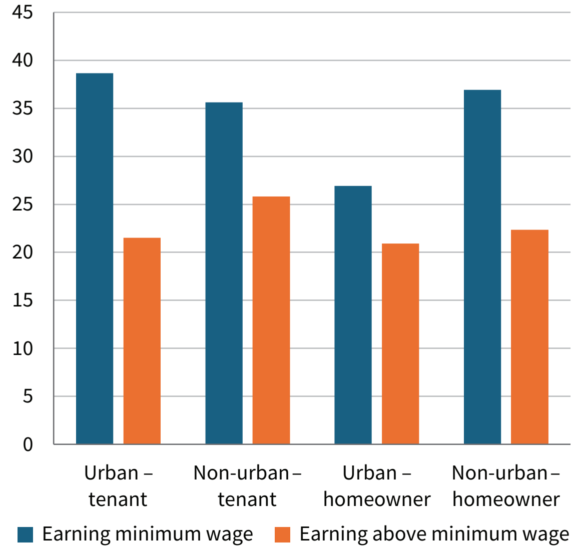
Looking more closely at a potential premium paid for housing in urban areas, it is striking that this is only reflected in the perception of minimum-wage-earning tenants and not to a large degree (38.7 % compared to 35.6 %). For all homeowners and tenants earning above minimum wage, housing costs are more widely perceived as a burden outside urban areas. Overall, these results suggest that the level of the minimum

(17) The European Commission has clarified with regard to the Minimum Wage Directive that the minimum wage should allow for ‘a decent standard of living for workers’ and not households; therefore, it applies regardless of the household composition (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 2023, p. 30).

(18) Incidentally, 44 is also the median age of overall EU employees earning more than the minimum wage, suggesting that minimum wage earners in single-adult households may be more comparable to overall employees than those living with multiple other adults.

(19) The question on the burden of housing was not mandatory in the 2023 EU-SILC questionnaire. This means that some selection bias might be present, as those who chose to answer the question might systematically differ from those who did not. Furthermore, the optional nature of the question means that the sample size is too small for a meaningful comparison between countries. In addition, it was not made explicit in all country questionnaires that these costs include utility costs, so the comparability of responses between countries is limited further.

Figure 17: Proportion of full-time employees in single-adult households reporting total housing costs as more of a burden, EU-27, 2023 (%)



Notes: *Data refer to the share of full-time employees living alone who report living in a household where total housing costs are perceived as a 'heavy burden'. The phrasing of the question differs slightly between countries, and it was not always explicitly mentioned that these costs also include utility costs. The 'non-urban' category includes both rural areas and suburbs and towns. Data exclude Ireland, as the responses on the perception of housing cost burden were not made available by Eurostat.*
Source: *Eurofound calculations based on EU-SILC 2023 (wages refer to 2022).*

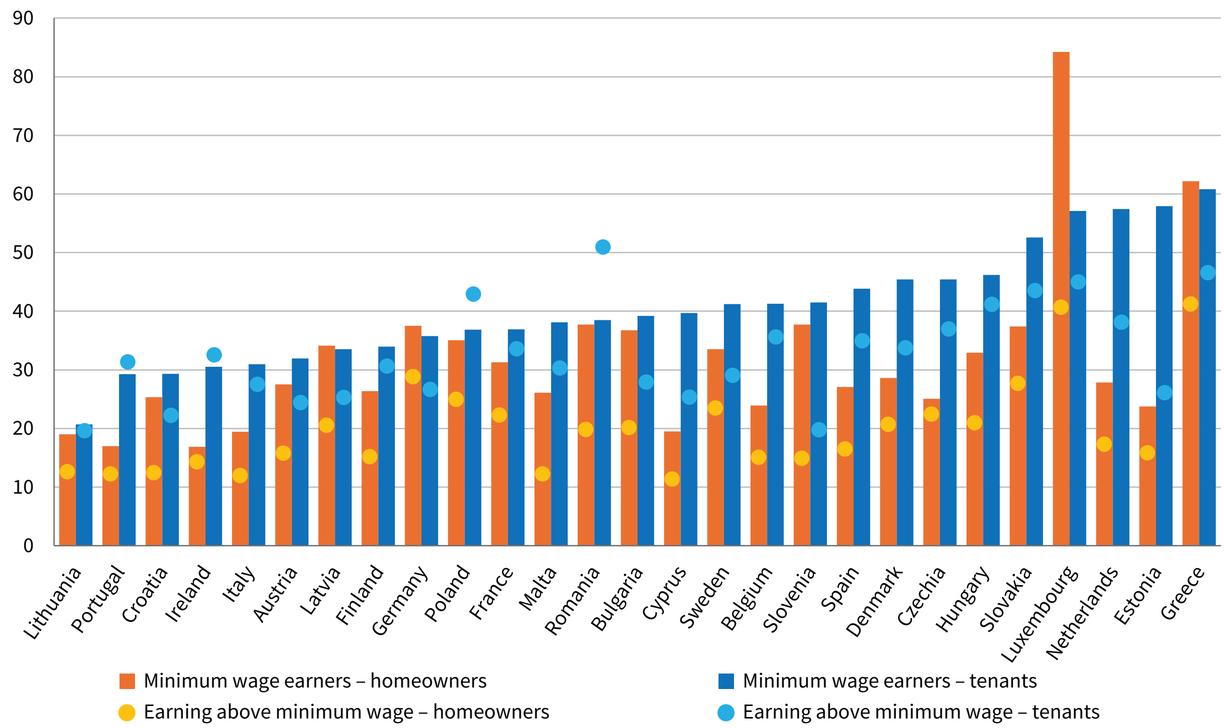
wage does have an important impact on how comfortably an employee can afford housing, although it certainly is not the only factor. Other drivers may include the costs of services or the number of children, as shown in previous research by Eurofound (2023b).

Housing-cost-to-income ratios (single-adult households)

Subjective perceptions of housing costs and the willingness to openly report them may be influenced by cultural differences or other biases. Therefore, it is also important to look at more objective measures of financial burden. Figure 18 shows the total housing costs of single-adult households, as a proportion of the household's total disposable income. Note that the latter includes wages and all types of income (including benefits, pensions, rent income and capital income), which influences this analysis. In addition, comparing proportional housing costs between countries does not directly reflect the financial burden, as non-housing costs, such as healthcare and education, differ substantially between Member States.

On average in the EU, minimum wage earners living in single-adult households spend 34.8 % of their disposable income on housing, while the rate is 26.2 % for those earning more. For homeowners, housing costs are, on average, lower than for those who rent and constitute 28.3 % of disposable income for minimum wage earners and 19.9 % for those earning more. For

Figure 18: Housing costs as a proportion of total disposable income for full-time employees in single-adult households, EU Member States, 2023 (%)



Notes: *Figure shows housing costs (net of housing benefits) as a proportion of disposable household income (net of housing benefits). Housing costs include rent (for tenants), mortgage interest payments (for homeowners), structural insurance, mandatory services and charges, regular maintenance and repairs, taxes and the cost of utilities (water, electricity, gas and heating).*
Source: *Eurofound calculations based on EU-SILC, 2023 (wages refer to 2022).*

tenants, minimum wage earners face proportional housing costs of 37 %, while those with better-paying jobs spend 30.1 % of their disposable income on housing.

There are significant differences between countries in the relative levels of housing costs and the gaps between minimum wage earners and those earning more, as shown in Figure 18. The gaps for minimum wage earners are particularly high in Luxembourg (44 pps for homeowners and 12 pps for tenants) and Slovenia (23 pps and 22 pps, respectively), and particularly low in Portugal (5 pps and – 2 pps, respectively) and Ireland (3 pps and – 2 pps, respectively).

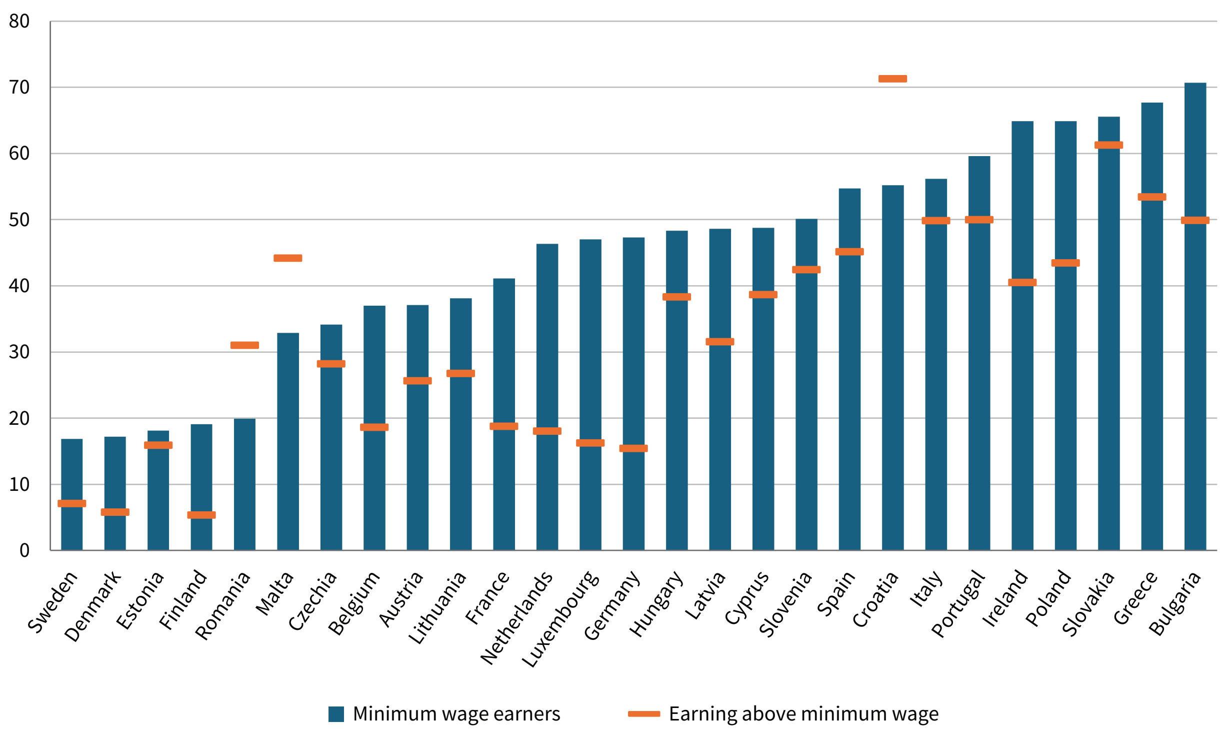
Young minimum wage earners and barriers to independence

The analysis above, based on single-adult households, only captures those who can afford to have their own home and live somewhere without other income earners. For young adults in particular, high housing costs often mean that they cannot move out of their parents' home in the first place. Figure 19 shows the proportion of employees aged 16–34 who are living with at least one parent. Young minimum wage earners (aged from 16 to 34) are, on average in the EU, more likely than their better-paid peers to share their home with a parent (48.9 % v 29.1 %). The countries with the largest differences are Germany (31.8 pps), Luxembourg (30.8 pps), the Netherlands (28.3 pps) and Ireland (24.4 pps), all of which have generally high wage levels. Meanwhile, in Croatia (– 16.1 pps), Malta (– 11.3 pps) and Romania (– 11.1 pps), those earning the statutory minimum wage are less likely to be living with their parents. It is important to note, however, that the differences in proportions of people living with their parents are likely to be at least partially due to general cultural differences between countries that are not necessarily explained by housing costs.

These results suggest that, in some countries, the combination of the minimum wage level and high housing costs prevents young people from moving out of their parents' house, unduly limiting their mobility and potentially their economic potential.

Overall, this analysis makes a strong case that minimum wage earners are significantly harder hit by the current high housing costs in the EU than those earning more. Considering how much of a household's disposable income is spent on having a home and the stark differences between countries, minimum wages should arguably be set with housing costs in mind.

Figure 19: Proportion of employees aged 16–34 living with at least one parent, EU Member States, 2023 (%)



Source: *Eurofound calculations, based on Euromod J1.0+.*

Conclusions

Structural uprates outpaced inflation in many Member States

The increases in the (national) minimum wage rates between 2024 and 2025 were generally substantial, in nominal and often in real terms, outpacing inflation. Gross national minimum wage rates were increased in all countries apart from Cyprus. As a result, purchasing power among minimum wage earners improved in most countries (especially in most central and eastern European Member States). However, Cyprus experienced a decrease in purchasing power, and Slovenia and Belgium saw negligible real-term decreases in national minimum wages.

While causality is hard to establish, the transposition of the Minimum Wage Directive into national legislation by the end of 2024 was probably a driver of this result, as many Member States linked their statutory minimum wage uprates to certain percentages of average or (less often) median wages, and debates on adequacy featured in the process of setting the rates. In addition, countries without national minimum wages saw (albeit more modest) real growth in collectively agreed wages related to low-paid jobs between 2024 and 2025. In Italy, nominal growth in collectively agreed wages for the 10 low-paid jobs selected almost compensated for inflation, thus halting the trend of a real decrease in purchasing power for the first time in recent years.

Minimum wages are becoming more binding relative to average wages

As a result of the significant hikes in national minimum wages, their relative level in relation to the average and/or median wage is growing in most Member States. Available data for the Kaitz Index (the ratio of minimum wages to average or median wages) show that only a few countries have reached the indicative reference values that are mentioned in the directive as examples of those 'commonly used at international level' (60 % of the median wage or 50 % of the average wage). However, an increase has emerged in most countries over the last two decades. Therefore, minimum wages are generally becoming more binding in an economic sense, as their relative level is increasing. This also explains why the share of employees earning close to the minimum wage level increased in more than half of the Member States over the same period.

Most countries opted for the simplest approach in relation to adequacy

The directive allows for a great diversity in approaches to assessing the adequacy of minimum wages, taking into consideration national socioeconomic systems; however, most countries have opted for the simplest form and stipulated target figures for their statutory minimum wages in relation to average (or, less frequently, median) wages. These indicative reference values largely followed two of the examples mentioned in the directive (50 % of average wages and 60 % of median wages), with single-digit deviations from the agreed thresholds in some countries. Hardly any Member States with a statutory minimum wage appear to have considered or selected alternative indicative reference values, such as a top-up to the level that results from the in-work poverty thresholds or baskets of living expenses considered adequate for single workers. Reflections on whether the selected thresholds ensure adequacy in a given country context, in relation to not only the fairness aspect compared with other workers but also the actual cost of living (the 'absolute dimension' of adequacy) were largely absent, at least when looking at the final and publicly available outcomes of the transposition processes.

Role of social partners and consultative bodies must remain central in minimum wage setting

Several countries have included percentages of statutory wages in relation to average or median wages as guidance values to use when assessing adequacy and as a criterion that wage setters must consider when updating the rates in their laws.

When minimum wage setters (must) aim for percentages of actual wages too technocratically, this can come at the expense of the other criteria they have to consider. In addition, it could reduce the room for wage setters – including social partners and consultative bodies – to reach the aims of achieving a decent standard of living, reducing in-work poverty, promoting social cohesion and upward social convergence and reducing the gender pay gap.

Concerns about the future role of consultative bodies – including social partners, if the percentage values had to be strictly adhered to in the annual uprating process – were raised in a couple of Member States during the transposition of the directive (Bulgaria, Germany and Luxembourg). It is important in this context to stress that the directive does not require countries with statutory minimum wages to set up formula-based technocratic procedures in which the statutory minimum wage must reach a certain percentage of wages. The main objective for countries should be to ensure the adequacy of minimum wages, which has different dimensions. In addition, wage setters must consider long-term productivity levels and developments and the purchasing power of minimum wages, taking into account the cost of living. The consultative bodies and social partners should continue to have ample room for manoeuvre around these parameters, and other criteria deemed relevant in the national context, to come to informed and agreed decisions on the new rates.

Putting the new processes into practice

The amendments and changes to minimum wage laws made in relation to the transposition can, by and large, be assessed as incremental rather than radical changes. However, while not much seems to have changed on the surface in most countries with statutory minimum wages, it will be important to observe how the new processes are put into practice. Speaking cautiously, the political interference and impact of the electoral cycle on the rates could potentially be reduced.

In particular, the designation of consultative bodies as new institutions with a clear mandate could have transformative power in relation to the process in some countries. The same could be said of the requirement to assess the adequacy of statutory minimum wages, guided by indicative reference values, which could also change over time. Some countries have already spelled out in their amended minimum wage laws how these bodies and future consultation processes will work (in principle), while others were less clear. How the new bodies and procedures will work, which parties will be represented and if they replace or complement existing forms of social partner consultations are to be seen in the coming years when the processes are put into practice.

Rising housing costs affect the adequacy of minimum wages

The analysis shows that high and rising housing prices in the EU affect minimum wage earners more than employees who earn more. This is reflected not only in objective measures, such as housing costs as a share of disposable income, but also in the fact that minimum wage earners more widely perceive these costs as a heavy burden. This suggests that, for them, housing costs are not only high but often too high. Looking at this from a policy perspective, the relative adequacy measures of 50 % of average wages and 60 % of median wages proposed by the EU Minimum Wage Directive might, in some countries, be insufficient to guarantee an adequate wage level and a decent standard of living. Therefore, more research is needed to investigate the question of ‘absolute’ adequacy and how actual price levels and consumption basket approaches can be used to inform minimum wage policies.

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Annex

Table A1: Ratio of national minimum wage to median wage, Kaitz Index (%)

Country	2000	2010	2020	2023
Belgium	50.50	48.26	41.64	48.73
Bulgaria	50.54	55.50	56.16	49.56
Croatia		45.39	45.80	45.00
Czechia	32.44	37.68	43.98	43.78
Estonia	34.16	40.41	45.54	42.52
France	61.70	62.11	61.19	62.22
Germany		48.17	46.24	51.70
Greece	48.31	46.54	50.81	49.53
Hungary	36.49	47.42	48.36	48.16
Ireland	48.01	45.34	47.84	48.32
Latvia	35.82	48.97	41.76	42.31
Lithuania	47.20	49.83	48.78	47.29
Luxembourg	52.02	55.41	53.86	56.74
Netherlands	52.85	47.33	46.62	49.14
Poland	39.64	45.31	55.29	54.71
Portugal	49.16	52.78	65.01	68.16
Romania	25.34	42.65	57.01	56.20
Slovakia	42.01	45.69	51.77	50.76
Slovenia	51.18	58.99	58.81	62.95
Spain	36.45	37.74	51.54	52.20

Notes: *The Kaitz Index presented in the table represents the share of the national minimum wage relative to the median wage in each country (values from 0 % to 100 %). Figures used in the national context are likely to differ from those presented here. The sample includes only full-time workers.*
Source: *OECD.*

Table A2: Ratio of national minimum wage to average wage, Kaitz Index (%)

Country	2000	2010	2020	2023
Belgium	42.89	40.57	38.15	44.65
Bulgaria	40.40	39.90	41.08	36.26
Croatia		37.74	40.02	40.11
Czechia	27.98	31.97	37.80	37.67
Estonia	27.54	33.95	38.86	36.29
France	50.16	50.27	49.38	50.21
Germany		42.55	41.16	45.27
Greece	37.64	39.65	40.63	39.60
Hungary	27.86	34.71	37.25	37.04
Ireland	40.51	37.02	37.15	37.44
Latvia	25.50	38.23	32.99	34.66
Lithuania	37.80	39.73	40.43	39.20
Luxembourg	44.71	45.65	42.63	44.91
Netherlands	47.38	40.66	39.22	41.34
Poland	32.70	37.17	45.23	44.55
Portugal	34.85	35.93	45.76	47.97
Romania	19.52	31.51	41.65	41.05
Slovakia	34.11	35.65	41.96	42.64
Slovenia	43.13	48.03	49.17	52.64
Spain	29.27	31.69	43.05	43.68

Notes: *The Kaitz Index presented in the table represents the share of the national minimum wage relative to the average wage in each country (values from 0 % to 100 %). Figures used in the national context are likely to differ from those presented here. The sample includes only full-time workers.*
Source: *OECD.*

Table A3: Ratio of national minimum wage to median wage, Kaitz Index (%)

Country	2010	2015	2020	2023
Belgium	51.4	48.5	45.8	n.d.
Bulgaria	54.6	62.7	n.d.	60.3
Croatia	n.d.	n.d.	n.d.	n.d.
Czechia	n.d.	n.d.	n.d.	n.d.
Estonia	n.d.	n.d.	n.d.	n.d.
France	58.8	58.5	61.5	58.9
Germany	50.0	50.0	48.1	57.8
Greece	55.2	n.d.	n.d.	n.d.
Hungary	n.d.	n.d.	n.d.	49.8
Ireland	50.9	45.2	n.d.	n.d.
Latvia	n.d.	n.d.	n.d.	n.d.
Lithuania	59.4	60.5	55.3	52.7
Luxembourg	60.2	63.0	64.4	64.3
Malta	56.0	56.5	53.6	55.3
Netherlands	51.3	51.6	52.2	54.6
Poland	n.d.	n.d.	n.d.	n.d.
Portugal	58.8	63.1	68.4	73.35
Romania	n.d.	n.d.	n.d.	n.d.
Slovakia	47.5	48.8	54.8	53.4
Slovenia	n.d.	n.d.	n.d.	n.d.
Spain	44.7	43.5	61.1	67.4

Notes: *n.d. = no data. The Kaitz Index presented in the table represents the share of the national minimum wage relative to the median wage in each country (values from 0 % to 100 %). Figures used in the national context are likely to differ from those presented here. The sample includes only the business economy (Nomenclature of Economic Activities Rev. 2, sectors B to N).*
Source: *Eurostat.*

Table A4: Ratio of national minimum wage to average wage, Kaitz Index (%)

Country	2000	2010	2020	2023
Belgium	44.7	43.6	42.4	n.d.
Bulgaria	36.3	41.0	43.1	37.6
Croatia	38.0	41.6	46.3	46.3
Czechia	33.3	34.4	41.4	40.3
Estonia	35.5	37.2	42.6	40.0
France	46.5	46.1	49.0	47.4
Germany	42.1	42.1	40.3	48.4
Greece	43.4	n.d.	n.d.	n.d.
Hungary	38.0	43.2	41.8	42.3
Ireland	45.7	40.0	46.1	n.d.
Latvia	41.9	46.4	39.5	42.4
Lithuania	43.6	47.0	46.4	45.4
Luxembourg	48.6	49.5	50.0	49.5
Malta	47.4	48.0	43.3	47.8
Netherlands	44.2	42.7	43.3	45.3
Poland	42.0	45.5	50.5	49.5
Portugal	42.4	43.7	50.8	56.5
Romania	32.4	40.5	48.4	50.0
Slovakia	36.0	36.9	43.6	43.0
Slovenia	50.5	52.4	53.6	55.7
Spain	37.8	35.6	53.2	54.1

Notes: *n.d. = no data. The Kaitz Index presented in the table represents the share of the national minimum wage relative to the average wage in each country (values from 0 % to 100 %). Figures used in the national context are likely to differ from those presented here. The sample includes only the business economy (Nomenclature of Economic Activities Rev. 2, sectors B to N).*
Source: *Eurostat.*

Minimum wage setting for 2025

Table A5: Overview of regulations determining the 2024 rate(s) in countries with national minimum wages

Country	Legal source or similar regulation	Other sources
Belgium	Afsprakenkader van 6 April 2023 / Cadre d'accord du 6 Avril 2023	Databank minimumlonen, declaring the additional rise due to automatic indexation
Bulgaria	Decree of the Government 359, 23 October 2024	*State Gazette*, No 14 of 10 February 2023, amendment of the Labour Code on minimum wages
Cyprus	Minimum Wage Decree of 2023 (KDP 402/2023), no changes in 2025	
Czechia	Government Regulation No 285/2024 Sb, setting the coefficient for the minimum wage in 2025 and 2026	
Estonia	Government regulation: Establishing the minimum wage, adopted 19 December 2024	Explanatory letter for the government regulation draft: Establishing the minimum wage, dated 18 November 2024
France	Décret n° 2024-951 du 23 octobre 2024 portant relèvement du salaire minimum de croissance	
Germany	Federal government (2023), Fourth Minimum Wage Adjustment Ordinance	Minimum Wage Commission (2023), Fourth Decision
Greece	Ministerial Decision No 25058/2024 (*Government Gazette* 1974/B/29-3-2024)	
Hungary	A Kormány 394/2024. (XII. 12.) Korm. rendelete a kötelező legkisebb munkabér (minimálbér) és a garantált bérminimum megállapításáró	
Ireland	Statutory Instrument No 563 of 2024 – National Minimum Wage Order 2024	*National minimum wage increase on 1 January 2025*
Latvia	Cabinet of Ministers, Minimālās mēneša darba algas noteikšanas un pārskatīšanas kārtība, adopted on 19 November 2024	
Lithuania	Governmental Resolution No 709 on Minimum Wage Applicable in 2025, dated 28 August 2024	
Luxembourg	Law of 20 December 2024 amending Article L.222-9 of the Labour Code	
Malta	Government of Malta (2024), National Minimum Wage National Standard Order, 2024	Department for Industrial and Employment Relations (2025), *Resource pack 2025* *National agreement on the minimum wage as recommended by the Low Wage Commission*, October 2023, Parliamentary document PQ13024
Netherlands	Wet minimumloon en minimumvakantiebijslag [Minimum Wage and Minimum Holiday Allowance Act]	Government minimum wage information website
Poland	Regulation of the Council of Ministers (*Dziennik Ustaw*, 2024 Item 1362), dated 12 September 2024	
Portugal	Portuguese Government (2024) Decree Law No 112/2024 of 19 December	Economic and Social Council of Portugal (2024), *Acordo Tripartido sobre Valorização Salarial e Crescimento Económico 2025–2028*, 1 October 2024
Romania	Government Decision No 598 of 6 June 2024 (for the July 2024 increase) Government Decision No 1506 of 26 November 2024 (for the January 2024 increase)	
Slovakia	Oznámenie c. 263/2024, Oznámenie Ministerstva práce, socialnych vecí a rodiny o sume minimálnej mzdy na rok 2025	National Labour Inspectorate, Minimálna mzda a minimálne mzdové nároky v roku 2025
Slovenia	*Official Gazette of the Republic of Slovenia* (No 5/2025)	Minimum wage information website of the Ministry of Labour, Family, Social Affairs and Equal Opportunities
Spain	Royal Decree 87/2025, dated 11 February 2025	

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This year's report presents the minimum wage rates for 2025 and how they were set and uprated during 2024. It includes information on countries with and without national minimum wages. In addition, it provides the first comparative overview of how Member States have transposed the Minimum Wage Directive and presents new estimates of the proportion of minimum wage earners and their ability to afford housing. Finally, it summarises research on minimum wages published during 2024.

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