

MINIMUM WAGES IN THE EUROPEAN UNION, 2002

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In 9 Member States of the European Union (Belgium, Greece, Spain, France, Ireland, Luxembourg, the Netherlands, Portugal and the United Kingdom), collective bargaining is subject to a legal national minimum wage. In the other Member States there is no statutory national minimum wage.

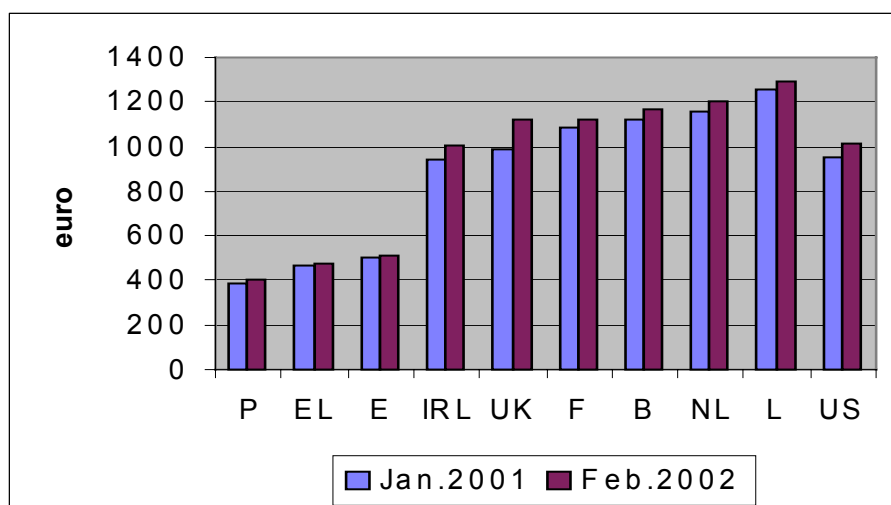
For the 9 Member States which have a national minimum wage, the estimated monthly minimum wage in February 2002 varied from 406 to 1290 euro

On 1 February 2002, three countries (Portugal, Greece and Spain) had minimum wages between 406 and 516 euro per month. In contrast, the other six countries all had minimum wages in excess of 1000 euro per month. The spread of the minimum wage for these six countries extended from 1009 (Ireland) to 1290 (Luxembourg). In between, the United Kingdom, France, Belgium and the Netherlands had minimum wages which varied between 1124 and 1207 euro per month. The Federal minimum wage in the United States is 1011 euro, though a number of States have a higher minimum wage.

The relative position among the 9 Member States had not changed between January 2001 and February 2002

Figure 1 shows the level of the minimum wage in January 2001 alongside the level in February 2002. While increases in the level varied between the countries, the relative position between the countries had not changed.

***Figure 1: Monthly minimum wages in euro, Jan. 2001 and Feb. 2002**



**Note: Comparisons are based on full-time workers.*

Figure 1 relates to gross minimum wages, that is before the deduction of income tax and social security contributions. Such deductions vary between the countries. A comparison based on the net wage can affect the relative position of the countries with the highest minimum wage rates, depending on the family situation assumed.

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Table 1: The level of monthly minimum wages as at 1st January 2001 and 1st February 2002
Eurostat estimates (see the methodological notes)

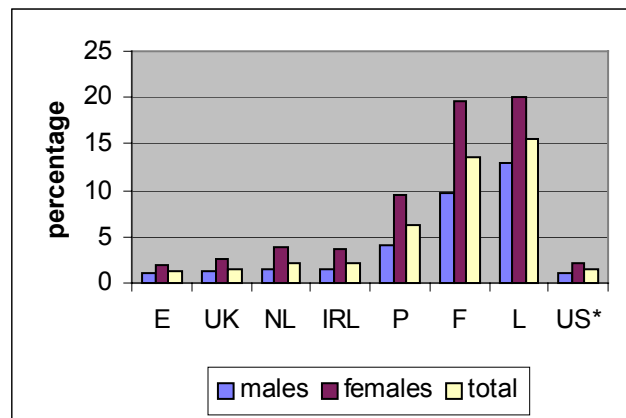
Country	Monthly minimum wage in euro	
	On 1 Jan. 2001	On 1 Feb. 2002
Belgium (B)	1118	1163
Greece (EL)	466	473
Spain (E)	506	516
France (F)	1083	1126
Ireland (IRL)	945	1009
Luxembourg (L)	1259	1290
Netherlands (NL)	1154	1207
Portugal (P)	390	406
United Kingdom (UK)	985	1124
United States of America (US)	951	1011

The proportion of full-time employees earning the minimum wage varies considerably between the countries and is higher for females

The percentage of full-time employees with earnings at the minimum wage level is markedly different between the countries. In Spain, the UK, the Netherlands and Ireland, the percentage of employees on the minimum wage lies between 1.4 and 2.2%. In the US, the figure is 1.5% (see footnote to Figure 2). In contrast, the percentage in Portugal is 6.2%, in France 13.6% and in Luxembourg 15.5%. In the case of France and Luxembourg, the percentages include part-time as well as full-time employees, though the inclusion of part-timers is not thought to have much impact on the overall figure. The percentages relate to the year 2000, except for the UK, Ireland, Luxembourg and the US for which the figures relate to 2001. However, the figures tend to change rather little from year to year. No data is available for Belgium and Greece.

The percentage of females on the minimum wage is higher than the corresponding percentage for males. The ratio differs somewhat between countries, but broadly speaking, the female percentage is twice that of males.

Figure 2: Proportion of full-time employees on the minimum wage



*US: The % of full-time hourly-paid workers, excluding salaried employees and other non-hourly workers with earnings on or below the Federal minimum wage

The national minimum wage system differs somewhat from country to country

In Spain, France, Luxembourg, the Netherlands, Portugal, Ireland and the United Kingdom, a national minimum wage is fixed at an hourly or monthly rate by legislation, in most cases after consultation with the social partners, and this minimum is enforced by law.

Belgium uses a similar system whereby an average minimum monthly wage is fixed by a central collective agreement which is regarded as applicable to all industries. In Greece a general minimum wage is agreed by negotiation at national level and a distinction is made between manual and non-manual workers.

The statutory minimum wage usually applies to all employees in the economy and all occupations, but may be modified to take account of age, length of service, skills, the physical and mental capabilities of the employee or the economic conditions affecting the firm. The laws governing such systems also contain mechanisms to review the minima, often as a result of tripartite bargaining between government, unions and employers, in the light of changes in prices, wages and other economic conditions. Sometimes the minimum wage is the subject of automatic re-assessment - for example it may be increased in line with the consumer price index or economic growth or else it may be subject to discretionary increases - increased by legislation (see box summarising the different systems of national minimum wages in the European Union countries).

Summary of statutory national minimum wages in the European Union countries

(Situation as at 1 February 2002)

	B	EL	E	F	IRL	L	NL	P	UK
Date of introduction	1975	1991	1980	1970	2000	1973	1969	1974	1999
Coverage	Private sector employees aged 21 or over	All employees aged 19 or over (for non-manual workers) 18 or over (for manual workers)	All employees irrespective of age	All employees aged 18 or over	Experienced adult employees ⁴	All employees aged 18 or over	All employees aged 23 or over	All employees irrespective of age	All employees aged 18 or over
Method of fixing	Negotiation by social partners	Annual negotiation by social partners	Set by government	Set by government	Set by government following recommendations of social partners or Labour court	Set by government	Set by government	Set by government	Set by government following recommendations of social partners
Method of updating	Automatic indexation + periodic review	Annually according to government forecasts of inflation	Annually according to government forecasts of inflation	Automatic indexation + annual review	Set by government following recommendations of social partners or Labour court	Automatic indexation + periodic review	Twice a year	Annually according to government forecasts of inflation	Set by government following recommendations of social partners
Type of rate	Monthly	Monthly for non-manual workers; daily for manual workers	Monthly and daily	Hourly	Hourly	Monthly	Monthly	Monthly	Hourly
Statutory level in national currency ¹	EUR 1163 per month	EUR 472.9 per month ² EUR 21.19 ³ per day	EUR 442.2 per month EUR 14.74 per day	EUR 6.67 per hour	EUR 5.97 per hour	EUR 1290 per month	EUR 1206.6 per month	EUR 348 per month	GBP 4.10 per hour for workers aged 22 or over
In force since	1.2.2002	1.7.2001	1.1.2002	1.7.2001	1.7.2001	1.4.2001	1.1.2002	1.1.2002	1.8.2001

(1) Rate applied to employees over a certain age (indicated above under "coverage"). For certain countries different minimum wage rates apply for young persons.

(2) For a single non-manual worker in his/her first job.

(3) For a single manual worker in his/her first job.

(4) Employees who are (i) aged under 18, or (ii) first-time job entrants, or (iii) undergoing structured training can be paid specified rates below the national minimum wage.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

For most of the EU Member States, the national minimum wage is agreed in terms of a monthly rate. For three EU countries, France, Ireland and the United Kingdom, together with the United States of America, the national minimum wage is fixed at an hourly rate. For purposes of comparison, the hourly rates for these four countries have been converted to a monthly rate, using the following factors:

- for France: 169 hours per month;
- for Ireland and the United Kingdom: 39 hours x 52 weeks divided by 12;
- for the United States of America: 40 hours x 52 weeks divided by 12.

In addition, when the minimum wage is paid more than 12 months per year (as in Spain and Portugal where it is paid for 14 months a year), data in Figure 1 and Table 1 have been adjusted to take these payments into account.

Further information:

➤ Reference publications

Title Minimum Wages 1997 - a comparative study
 Catalogue No CA-12-98-627-EN-C Price EUR 7.50

➤ Databases

NewCronos, Domain: Minwages

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