

# MINIMUM WAGES 2005

## Major differences between EU Member States

Statistics  
in focus

POPULATION AND  
SOCIAL CONDITIONS

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This publication contains data on minimum monthly wages in the Member States of the European Union (MS), certain candidate countries (CC) and the USA (US). The minimum wage is fixed by the government, usually after consultation with the social partners, and this minimum wage is enforced by law. The minimum wage usually applies to all employees in the economy and all occupations. In the text which follows 'minimum wage' refers to the statutory national monthly figure.

There is a minimum wage in 18 of the 25 Member States (Belgium, Czech Republic, Estonia, Greece, France, Ireland, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Poland, Portugal, Slovenia, Slovak Republic, Spain and the United Kingdom) and in three candidate countries (Bulgaria, Romania and Turkey).

Background information on methods and definitions is presented in the Methodological Notes at the end of this report.

### Minimum wage, among these countries in January 2005, varied between 72 and 1467 euros per month

Figure 1 shows the level of the minimum wage in the Member States, certain candidate countries and the USA on 1 January 2003, 2004 and 2005. Across EU25, on 1 January 2005 the minimum wage ranged from 116 euros (Latvia) to 1467 euros (Luxembourg). In the candidate countries, the minimum wage was 72 euros in Romania, 77 euros in Bulgaria and 240 euros in Turkey.

In Figure 1 we distinguish three groups of countries with distinct levels of minimum wages. The first group includes the candidate countries Bulgaria, Romania and Turkey and 7 of the 10 new Member States (Latvia, Lithuania, Slovakia, Estonia, Poland, Hungary and Czech Republic). Minimum wages there varied between 72 and 240 euro on 1 January 2005. The second group with minimum wages between 437 and 668 euros on 1 January 2005 includes two new Member States, Slovenia and Malta, as well as Portugal, Spain and Greece. The third group, with minimum wages in excess of 1000 euros, includes Ireland, France, the United Kingdom, Belgium, the Netherlands and Luxembourg.

In the USA, the Federal minimum wage is 666 euro, though a number of individual States have a higher minimum wage.



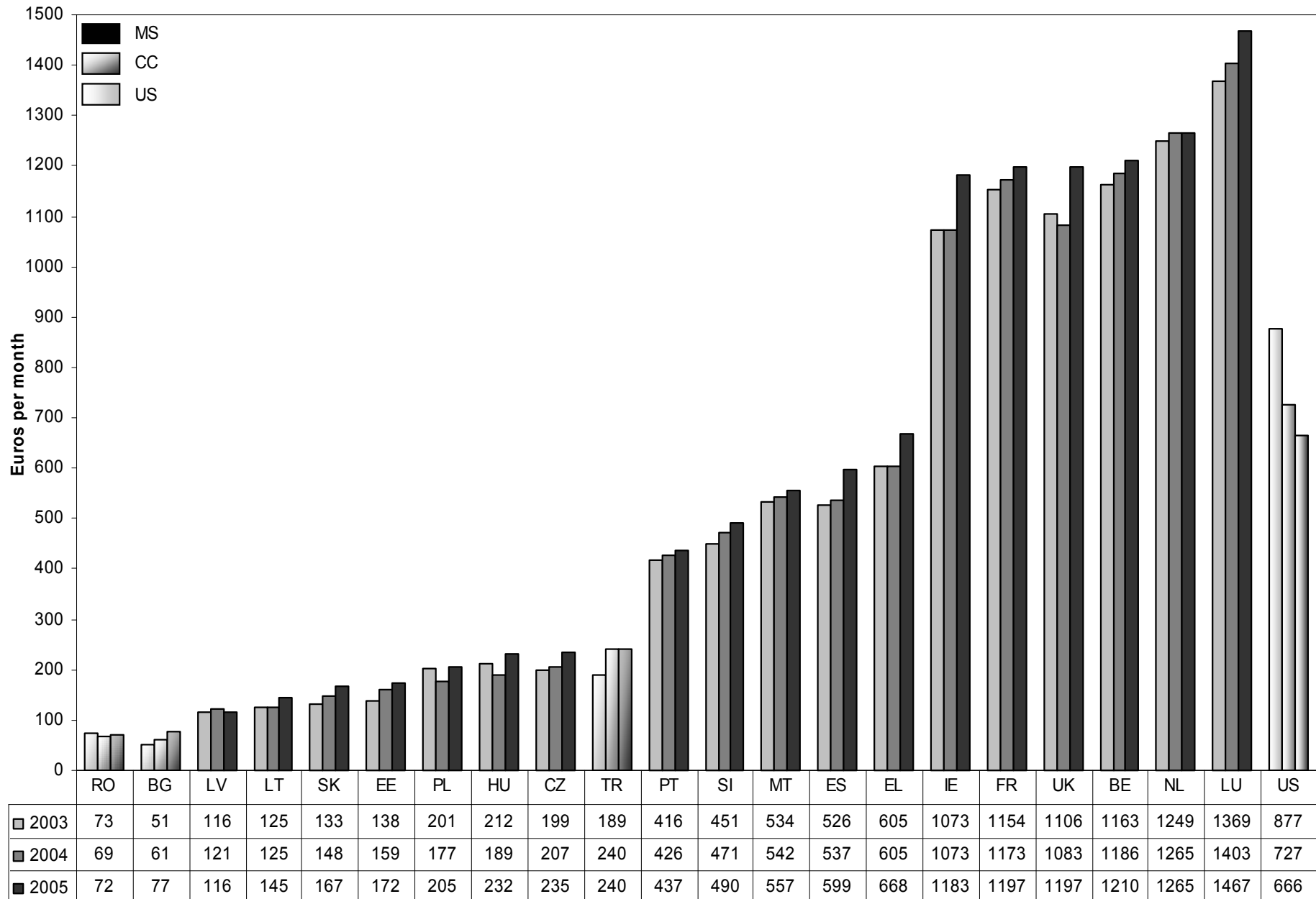


Figure 1: Minimum wages in some EU Member States, Candidate Countries and the USA, January 2003, 2004 and 2005, euros

## Applying purchasing power parities reduces the gap to a factor 1 to 5

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

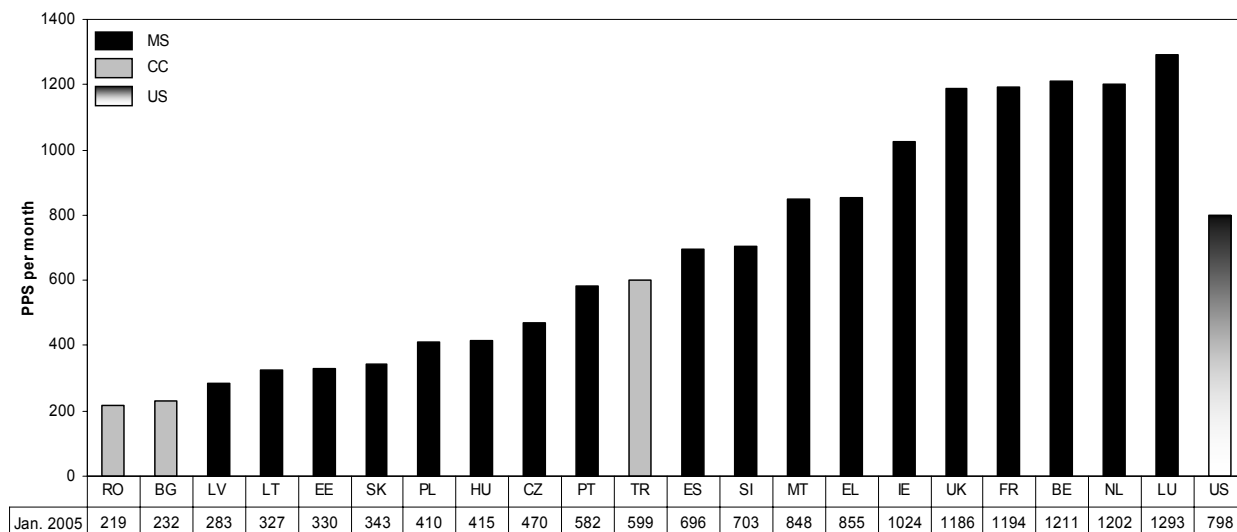


Figure 2: Minimum wages in some EU Member States, Candidate Countries and the USA, January 2005, PPS

Compared with the ranking of minimum wages in euros per month in Figure 1, the ranking of the countries is almost not affected when minimum monthly wages are expressed in PPS rather than euros.

Differences in the levels of the minimum monthly wages are however markedly reduced when expressed in purchasing power standards (PPS). In particular,

removing differences in price levels between the countries shows the purchasing power of the minimum wage to be higher in all new MS, as well as in Spain and Greece. In the MS, the minimum wage in euros (Figure 1) ranged from 116 to 1467 euros in January 2005, which represents a factor of about 1:13; in contrast, the minimum wage in PPS (Figure 2) extended between 283 and 1293, a factor of about 1:5.

## Among the MS minimum wages in euro have increased by 13 to 44% since 1999

Table 1 shows the minimum wages in euro, national currencies (NAC) and PPS valid in January each year since 1999.

	EUR							NAC							PPS						
	1999	2000	2001	2002	2003	2004	2005	1999	2000	2001	2002	2003	2004	2005	1999	2000	2001	2002	2003	2004 (p)	2005 (p)
BE	1074	1096	1118	1163	1163	1186	1210	1074	1096	1118	1163	1163	1186	1210	1050	1096	1136	1161	1164	1187	1211
CZ	:	:	:	:	199	207	235	:	:	:	:	6200	6700	7185	:	:	:	:	406	439	470
EE	:	:	:	118	138	159	172	:	:	:	1850	2160	2480	2690	:	:	:	226	265	320	330
EL	505	526	544	552	605	605	668	505	526	544	552	605	605	668	643	675	672	661	774	821	855
ES	416	425	433	516	526	537	599	416	425	433	516	526	537	599	502	514	527	605	612	667	696
FR	1036	1049	1083	1126	1154	1173	1197	1036	1049	1083	1126	1154	1173	1197	985	1031	1097	1122	1151	1170	1194
IE	:	945	945	1009	1073	1073	1183	:	945	945	1009	1073	1073	1183	:	880	839	856	929	929	1024
LV	:	:	:	107	116	121	116	:	:	:	60	70	80	80	:	:	:	191	247	281	283
LT	:	:	120	120	125	125	145	:	:	430	430	430	430	500	:	:	254	252	281	283	327
LU	1162	1191	1259	1290	1369	1403	1467	1162	1191	1259	1290	1369	1403	1467	1191	1223	1254	1261	1207	1237	1293
HU	:	:	:	202	212	189	232	:	:	:	50 *	50 *	53 *	57 *	:	:	:	384	364	398	415
MT	:	:	:	552	534	542	557	:	:	:	222	222	233	241	:	:	:	752	781	774	848
NL	1064	1092	1154	1207	1249	1265	1265	1064	1092	1154	1207	1249	1265	1265	1098	1099	1170	1183	1187	1202	1202
PL	:	:	196	212	201	177	205	:	:	760	760	800	824	849	:	:	343	333	387	364	410
PT	357	371	390	406	416	426	437	357	371	390	406	416	426	437	490	513	527	530	554	663	582
SI	:	:	:	:	451	471	490	:	:	:	104 *	111 *	118 *		:	:	:	620	625	703	
SK	:	:	:	114	133	148	167	:	:	:	4920	5570	6080	6500	:	:	:	265	294	304	343
UK	866	970	1130	1118	1106	1083	1197	608	608	693	693	710	761	832	827	845	968	960	1012	1084	1186
BG	33	38	44	51	56	61	77	64	75	87	100	110	120	150	114	121	116	127	170	186	232
RO	:	:	:	62	73	69	72	:	:	:	1750 *	2500 *	2800 *	2800 *	:	:	:	136	195	219	219
TR	:	:	:	:	189	240	240	:	:	:	:	306 **	423 **	489 **	:	:	:	375	519	599	
US	762	883	995	1001	877	727	666	893	893	893	893	893	893	893	821	829	823	826	798	797	798

\* : in NAC thousands      \*\* : in NAC millions      (p) : provisional

*Table 1: Minimum wages in some EU Member States, Candidate Countries and the USA, 1999-2005, euros, national currencies and PPS*

For those countries for which a complete 1999-2005 time series is available, minimum wages have increased since 1999 by 13 to 44 % in euros and by 9% to 43% in PPS. For Belgium, France, and the UK the increase is higher in PPS than in euros. In France, for example, the minimum wage in euros increased by 16%, while in

PPS the increase was 21%. For Spain, Luxembourg, the Netherlands and Portugal, the increase in euros is higher. In Luxembourg, for example, the minimum wage in euros increased by 26% while in PPS the increase was 9%. In Greece the increase in PPS and euros is very similar.

	Annual growth rate (NAC) (in %)					Annual increase in consumer prices (in %)				
	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004
BE	2	2	4	0	2	3	2	2	1	2
CZ	:	:	:	:	8	4	5	1	0	3
EE	:	:	:	17	15	4	6	4	1	3
EL	4	3	1	10	0	3	4	4	3	3
ES	2	2	19	2	2	3	3	4	3	3
FR	1	3	4	2	2	2	2	2	2	2
IE	:	0	7	6	0	5	4	5	4	2
LV	:	:	:	17	14	3	2	2	3	6
LT	:	:	0	0	0	1	1	0	-1	1
LU	2	6	2	6	2	4	2	2	3	3
HU	:	:	:	0	6	10	9	5	5	7
MT	:	:	:	0	5	3	2	3	2	3
NL	3	6	5	3	1	2	5	4	2	1
PL	:	:	0	5	3	10	5	2	1	4
PT	4	5	4	2	2	3	4	4	3	2
SI	:	:	:	:	7	9	9	7	6	4
SK	:	:	:	13	9	12	7	4	8	7
UK	0	14	0	2	7	1	1	1	1	1
BG	17	16	15	10	9	10	7	6	2	6
RO	:	:	:	43	12	46	34	23	15	12
TR	:	:	:	:	38	:	:	:	:	:
US	0	0	0	0	0	:	:	:	:	:

Table 2: Annual growth rate of minimum wages and increase in consumer prices in some EU Member States, Candidate Countries and the USA, 2000-2005

This table shows the trends in changes in the standard of living compared to minimum wages. By comparing the annual growth rate in minimum wages and the increase in consumer prices, we can observe two trends:

- a relative improvement in the standard of living,
- a relative deterioration or no change in the standard of living.

The situation is considered to have improved when the annual growth rate in minimum wages is higher than the

increase in consumer prices, as stable when the growth rates are the same, and to have deteriorated when the annual growth rate in minimum wages is lower than the increase in consumer prices.

There has been a relative improvement in the standard of living in most years in the Czech Republic, Estonia, Latvia, Malta, the Netherlands, Slovenia, Slovakia, the United Kingdom, Bulgaria and Romania.

On the other hand, in Belgium, Greece, Spain, France, Ireland, Lithuania, Luxembourg, Hungary, Poland and Portugal, there has been a relative deterioration or no change in the standard of living for most of these years.

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

As Figure 3 shows, the percentage of full-time employees with earnings at the minimum wage level was markedly different between countries. Data are available up to 2003 and for the countries shown in the graph. In Slovakia, Spain, Malta, the UK, the Czech Republic, the Netherlands, Slovenia and Ireland, the percentage of employees on the minimum wage was between 0.4% and 3.1%. In the USA, the figure was 1.4%. In contrast, the percentage in Estonia was 6.4%, in Hungary 8.1%, in Lithuania 10.2%, in Romania 12.2%, in France 13.4%, in Latvia 13.6% and in Luxembourg 16.9%. In the case of Spain, 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 percentage of females on the minimum wage was usually higher than the corresponding percentage for males, except in Hungary where the male percentage was 38% higher and in Latvia where percentages were almost equal. In Romania, Estonia and Luxembourg, female percentages were from 17% to 43% higher than those of men.

If France and Luxembourg are excluded, one might think there is a negative link between the percentage of employees on the minimum wage and the figure in PPS (Figure 2).

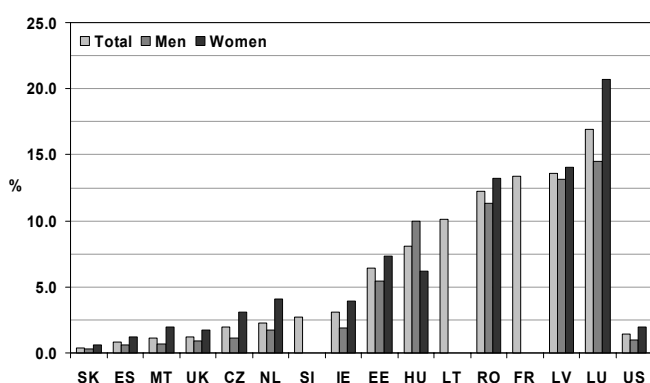


Figure 3: Proportion of full-time employees on the minimum wage, some EU Member States, Candidate Countries and the USA, 2003

**The level of the minimum wage is situated between 32% and 55% of the average monthly gross earnings in industry and services**

Figure 4 presents the minimum wage as a proportion of average monthly gross earnings in Industry and Services. Data are available up to 2003 and for the countries shown in the graph.

In the majority of the countries for which data are available, the minimum wage was less than 50% of the average monthly gross earnings. Only in Luxembourg and Malta is the percentage higher, at 50% and 55% respectively. We can also identify two groups. The first is made up of Estonia, Slovakia, Poland, the United Kingdom, Spain, the Czech Republic, Lithuania, Latvia, Romania, Hungary and Bulgaria where the minimum wage level is less than 42% of the average monthly gross earnings. The second group is made up of Slovenia, the Netherlands, Luxembourg and Malta, where the minimum wage level is over 45% of the average monthly gross earnings.

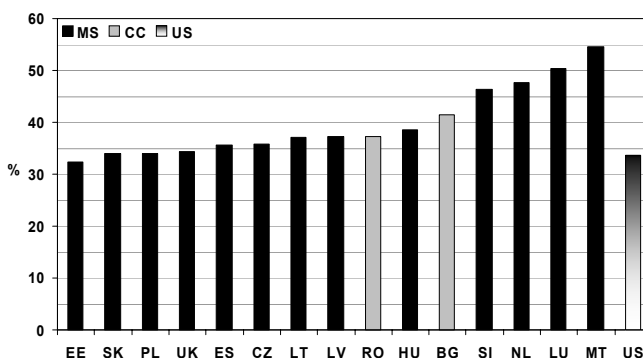


Figure 4: Minimum wages as a percentage of average monthly gross earnings in Industry and Services in some EU Member States, Candidate Countries and the USA in 2003

## ➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

### Statutory National Monthly Minimum Wages

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

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

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

- for Ireland and United Kingdom: 39 hours x 52 weeks divided by 12;

- for the USA: 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 Greece where it is paid for 14 months a year), data have been adjusted to take these payments into account.

The minimum wages as at 1 January 2005 are given in euro. For the non-euro zone countries (the UK, the new MS, the CC and USA) the minimum wages in their national currencies were converted into euros by applying the monthly average exchange rate in December 2004.

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

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

## ***Further information:***

### **Databases**

[EUROSTAT Website/Population and social conditions/Labour market/Earnings and labour costs/Minimum wages/Monthly minimum wages](#)

[EUROSTAT Website/Population and social conditions/Labour market/Earnings and labour costs/Minimum wages/Proportion of full-time employees with earnings on the minimum wage](#)

[EUROSTAT Website/Population and social conditions/Labour market/Earnings and labour costs/Minimum wages/Minimum monthly wage as a proportion of average monthly earnings in industry and services](#)

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