In January 2006, statutory minimum wages across the various countries varied between 82 and 1503 euro gross per month.

Applying purchasing power parities halves the differences in the levels of minimum wages between the Member States.

The average annual growth of the minimum wage in euro is between 1% and 12% among the Member States.

The proportion of full-time employees earning the minimum wage is much higher among females.

The minimum wage level is between 34% and 50% of average gross monthly earnings in industry and the services sector.
Figure 1 shows the minimum wage levels in the Member States, certain candidate countries and the USA on 1 January 2006. Among the Member States, the gross minimum wage varied from 129 euro (Latvia) to 1503 euro (Luxembourg). Regarding the candidate countries, the minimum wage was 82 euro in Bulgaria, 90 euro in Romania and 331 euro in Turkey.

The European countries can be divided into three groups based on the level of minimum wage. The first group includes the three candidate countries (Bulgaria, Romania and Turkey), as well as 7 of the 18 Member States (Latvia, Lithuania, Slovakia, Estonia, Poland, Hungary and Czech Republic). The minimum wage in this group was between 82 and 331 euro on 1 January 2006. The second group comprises five Member States (Portugal, Slovenia, Malta, Spain and Greece) with a minimum wage between 437 and 668 euro. The third group comprises 6 Member States (France, Belgium, United Kingdom, the Netherlands, Ireland and Luxembourg) in which the minimum wage is above 1200 euro.

In the USA the Federal minimum wage is 753 euro.

Figure 1: Minimum wages in certain EU Member States (MS), certain candidate countries (CC) and the USA, January 2006, in euro

Source: Eurostat, database on minimum wages.
Applying purchasing power parities halves the differences in the levels of minimum wages between the Member States

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

Figure 2: Minimum wages in certain EU Member States, certain candidate countries (CC) and the USA, January 2006, in PPS

Source: Eurostat, database on minimum wages.

The countries’ rankings shown in Figure 1 (minimum wages expressed in euro per month) remain virtually unchanged when the monthly minimum wages are expressed in Purchasing Power Standard (PPS).

However, differences in the levels of the monthly minimum wages are markedly smaller when expressed in PPPS rather than euro. In particular, removing price level differences between the countries has the effect of increasing the purchasing power of the minimum wage in all the Member States except those in group 3 (high minimum wages). In the Member States the minimum wage in euro (Figure 1) ranged from 129 to 1503 euro in January 2006, which represents a factor of approximately 1:12. In contrast, the minimum wage in PPPS (Figure 2) ranged from 240 to 1417, a factor of approximately 1:6.

Overall, countries’ rankings remain unchanged, except for Ireland which drops 4 places in the high-wages group (group 3).
The average annual growth of the minimum wage in euro is between 1% and 12% among the Member States.

Table 1 shows the minimum wages in euro, in national currency (NAC) and in PPS in January of each year.

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<td>2800*</td>
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<td>489**</td>
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<tr>
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*: in thousands of NAC    **: in millions of NAC    (p): provisional

Table 1: Minimum wages in certain EU Member States, certain candidate countries and the USA, 2003-2006, in national currencies, in euro and in PPS.

Source: Eurostat, database on minimum wages.

Based on the euro, the annual increase in the minimum wage ranges from 1% in the Netherlands to 12% in Estonia.

Based on PPS, the annual increase in the minimum wage ranges from -3% in Portugal to 6% in Spain and the United Kingdom.

For all countries, except for Luxembourg (increase based on the euro 2%, increase based on PPS 5%), the United Kingdom (increase based on the euro 5%, increase based on PPS 6%) and the United States (increase based on the euro -5%, increase based on PPS -1%), the annual increase based on the euro is higher than that based on PPS.
The proportion of full-time employees earning the minimum wage is much higher among females.

As Figure 3 shows, the percentage of full-time employees earning the minimum wage is markedly different between the countries and is generally higher among females.

In Spain, the United Kingdom, Malta, Slovakia, the Czech Republic, Slovenia and the Netherlands this percentage was below 3%.

In Ireland, Poland, Portugal, Estonia and Hungary the percentage was between 3% and 8%.

Finally, in Romania, Lithuania, France and Luxembourg the percentage was above 12%.

In the United States, the percentage of employees earning the minimum wage was 1.4%.

This percentage rose between 2003 and 2004 in 6 of the countries: Spain (+0.13%), Slovenia (+0.7%), the Netherlands (+0.13%), Estonia (+0.68%), Hungary (+0.1%) and Romania (+0.2%). In the other countries the percentage either remained stable (Czech Republic, Ireland, United States) or fell (United Kingdom, Malta, Slovakia, Lithuania, France, Luxembourg).

The percentage of females earning the minimum wage is higher than the corresponding percentage for males in all countries except two, namely Malta and Hungary.

The minimum wage level is between 34% and 50% of average gross monthly earnings in industry and the services sector.

In most countries the monthly minimum wage is less than 50% of average gross earnings. The only exceptions are Luxembourg and Ireland, where the monthly minimum wage equals 50% of average gross earnings.

Here too, the countries can be divided into three groups: Slovakia, Romania, Estonia and Poland form the first group, in which the monthly minimum wage is less than 35% of average gross monthly earnings. The second group is composed of Spain, the United Kingdom, Lithuania, the Czech Republic, Latvia, Portugal and Hungary, where the minimum wage is between 38% and 41% of average gross monthly earnings. Finally, the third group is composed of Bulgaria, Slovenia, the Netherlands, Malta, Luxembourg and Ireland, where the minimum wage is above 43% of average gross monthly earnings.
## Synthesis table of statutory minimum wages in the European Union and in the United States (Situation as at 1 January 2006)

<table>
<thead>
<tr>
<th>BE</th>
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<th>EE</th>
<th>EL</th>
<th>FR</th>
<th>IE</th>
<th>IT</th>
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</table>

**Coverage**
- Private sector employees aged 21 or over
- All employees
- All employees aged 19 or over (non-manual workers) or 18 or over (manual workers)
- All employees irrespective of age
- All employees aged 18 or over
- Experienced adult employees
- All employees

**Method of setting**
- Negotiation by social partners
- Set by government based on recommendations of social partners
- Set by government based on negotiation by social partners
- Set by government based on recommendations of social partners
- Set by government based on recommendations of social partners
- Set by government based on recommendations of social partners
- Set by government based on recommendations of social partners

**Method of updating**
- Automatic indexation + periodic review
- Set by government, usually once a year
- Set by government, usually once a year
- Automatic indexation + annual review
- Automatic indexation + annual review
- Automatic indexation + annual review
- Automatic indexation + annual review

**Type of rate**
- Monthly
- Monthly and hourly
- Monthly and hourly
- Monthly and hourly
- Hourly
- Hourly
- Monthly and hourly

**Statutory level in national currency**
- 1 234.00
- 7 570.00
- 3 000.00
- 591.18
- 1 737.88
- 1 217.88
- 540.90
- 8 03
- 3.28 / 2.57

**In force since**
- 01.08.2005
- 01.01.2006
- 01.01.2006
- 01.09.2004
- 01.07.2005
- 01.05.2005
- 01.07.2005
- 01.07.2005

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<th>MT</th>
<th>NL</th>
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<th>PT</th>
<th>SI</th>
</tr>
</thead>
</table>

**Coverage**
- All employees
- All employees aged 18 or over
- All employees
- All employees aged 23 or over
- All employees
- All employees irrespective of age
- All employees

**Method of setting**
- Set by government based on recommendations of social partners
- Set by government based on recommendations of social partners
- Set by government based on recommendations of social partners
- Automatic indexation + periodic review
- Automatic indexation
- Automatic indexation
- Automatic indexation

**Method of updating**
- Automatic indexation + periodic review
- Set by government based on recommendation of social partners
- Automatic indexation + periodic review
- Automatic indexation
- Twice a year
- Once or twice a year
- Annually, based on government forecasts of inflation
- The min. wage is set by Act implementing the wage policy agreement adopted on the basis of the social agreement between the social partners

**Type of rate**
- Monthly and hourly
- Monthly and hourly
- Monthly and hourly
- Monthly and hourly
- Monthly and hourly
- Monthly and hourly
- Monthly and hourly

**Statutory level in national currency**
- 90.00
- 1 503.42
- 62 500.00
- 57.88
- 1 273.00
- 899.10
- 374.70
- 122 600.00

**In force since**
- 01.01.2006
- 01.10.2005
- 01.01.2006
- 01.01.2006
- 01.01.2006
- 01.01.2006
- 01.01.2005
- 01.08.2005

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<th>BG</th>
<th>RO</th>
<th>TR</th>
<th>US</th>
</tr>
</thead>
</table>

**Coverage**
- All employees aged 16 or over
- All employees aged 16 or over
- All employees aged 16 or over
- All employees irrespective of age
- All employees aged 16 or over
- Employees of private enterprises with business > $500,000 a year, or in smaller firms engaged in interstate commerce, or in federal, state or local government

**Method of setting**
- Set by government based on recommendations of social partners
- Set by government based on recommendations of social partners
- Set by government based on recommendations of social partners
- Set by the Minimum Wage Committee composed of representatives of the government, workers and employers
- Set by government
- Generally each year (at least every two years)

**Method of updating**
- Periodic review

**Type of rate**
- Monthly and hourly
- Monthly and hourly
- Monthly and hourly
- Monthly
- Monthly
- Monthly

**Statutory level in national currency**
- 6 900.00
- 5.05
- 160.00
- 310.00
- 531.00
- 5.15

**In force since**
- 01.10.2005
- 01.01.2006
- 01.01.2006
- 01.01.2005
- 01.01.2005
- 07.09.1997
ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Statutory 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 be applied 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 for 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:

- France: 35 hours x 52 weeks divided by 12;
- Ireland: 39 hours x 52 weeks divided by 12;
- United Kingdom: 39.4 hours x 52 weeks divided by 12;
- United States: 40 hours x 52 weeks divided by 12.

In addition, when the minimum wage is paid for 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 2006 are given in euro. For the non-euro zone countries (United Kingdom, the new Member States, Candidate countries and USA), the minimum wages in their national currencies were converted into euro by applying the monthly average exchange rate in December 2005.

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.

Synthesis table of statutory minimum wages in the European Union and in the United States (Situation as at 1 January 2006)

1 All countries Rate applied to employees having reached a certain age (see under “Coverage”). In certain countries, the Netherlands for example, different minimum rates are applied to young persons.
2 IE Employees aged under 18 years, or in their first job, or following a structured training scheme, may be paid at special rates below the statutory national minimum wage.
3 FR Guaranteed monthly wage for employees who have worked 35 hours per week since 01.07.2002.
4 LT The monthly minimum income of LTL 430 and the hourly minimum wage of LTL 2.57 have been set for certain groups of employees (national politicians, judges, national civil servants, civil servants and soldiers).
5 UK Workers aged 22 or over.
6 US Employees aged under 20 years may be paid a wage below the statutory minimum wage, namely a wage of 4.25 $ per hour, for their first 90 consecutive days of work for an employer.
Further information:

Data:
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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E-mail: eurostat-mediasupport@ec.europa.eu

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