

# Statistics in focus

## POPULATION AND SOCIAL CONDITIONS

THEME 3 – 2/2001

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Detailed data are available in New Cronos, domain : Minwages



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# MINIMUM WAGES IN THE EUROPEAN UNION, 2001

Ana Nobre

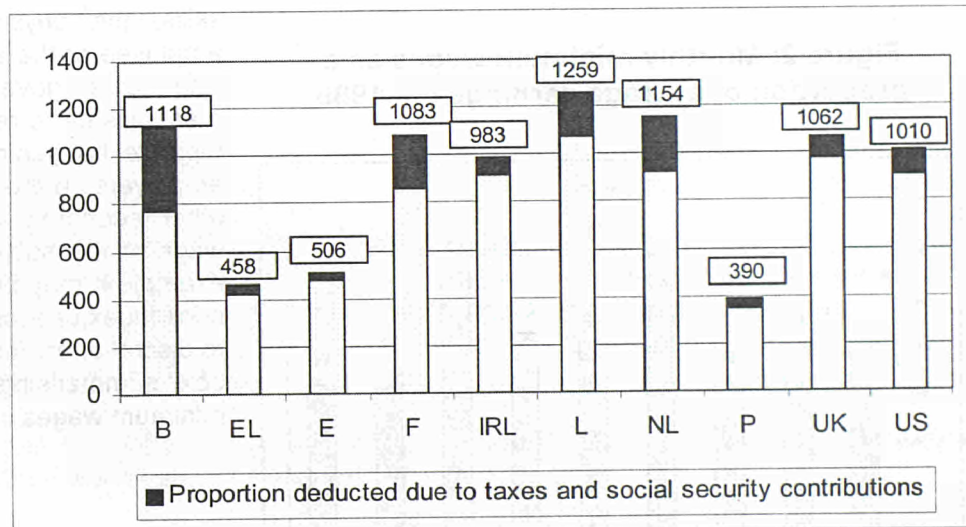
In 9 Member States of the European Union (Belgium, Spain, Greece, France, Luxembourg, the Netherlands, Portugal, United Kingdom as well as Ireland (since 1<sup>st</sup> April 2000) collective bargaining is limited by a legal national minimum wage.

### The statutory minimum wages range from 390 to 1259 euro per month in January 2001

In January 2001, the Benelux countries (Belgium, Luxembourg and Netherlands) were the EU Member States with the highest minimum gross wages (more than 1100 euro per month). France, Ireland, and the United Kingdom have minimum wages around 1000 euro per month while in the remaining countries (Greece, Spain and Portugal) they are half or even less of this amount. The minimum wages in United States is 1010 euro.

These figures are gross, that is, before the deduction of income tax and social security contributions. These deductions vary from one country to another, and depend on the family situation. The estimate of the deductions was made on the basis of an unmarried employee. After deducting income taxes and social security contributions, Luxembourg is the country with the highest net minimum wages (1070 euro) closely followed by the United Kingdom. Belgium, France, Ireland and Netherlands have net minimum wages between 800 and 900 euro. In the three remaining countries (Greece, Spain and Portugal) there is little difference between the net and the gross earnings.

Figure 1: Monthly minimum wages in euro, January 2001



Note: Comparisons are based on full-time workers.



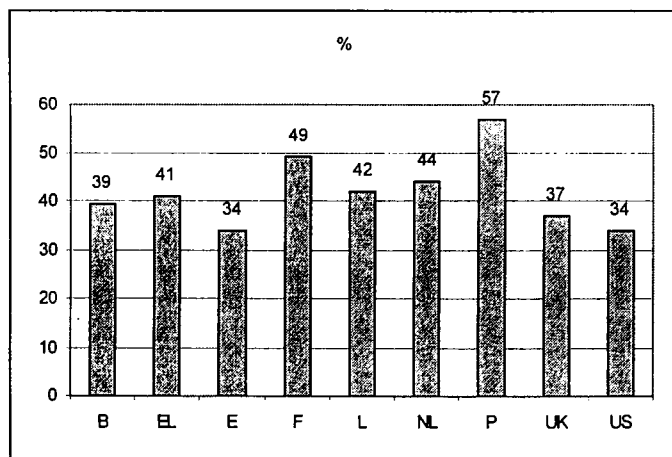
**Table 1: Monthly minimum wages, Jan .2001**  
Eurostat estimates (see methodological notes)

	National currencies	Euro
Belgium	BEF 45095	1118
Greece	GRD 155948	458
Spain	ESP 84140	506
France	FRF 7101	1083
Ireland	IEP 774	983
Luxembourg	LUF 50778	1259
The Netherlands	NLG 2544	1154
Portugal	PTE 78167	390
United Kingdom	GBP 651	1062
United States	USD 906	1010

**Statutory minimum wages represented 34% to 57% of the average salary in 1999**

Given that the latest data available on average gross earnings relates to 1999, the comparison with minimum wages refers to this year. In 1999, depending on the countries, the national minimum wage represents between 34% and 57% of the average gross earnings of an employee (manual and non-manual workers together) in manufacturing industry. This proportion was highest in Portugal and France where it stood at 57% and 49% respectively and the lowest in Spain at 34%. In the United States, the corresponding figure is around 34% of the average gross earnings of a manual worker in industry.

**Figure 2: Monthly minimum wages as a proportion of average earnings <sup>(1)</sup>, 1999**



<sup>(1)</sup> Employees of manufacturing industries

**High proportion of employees paid the minimum wage in France and Luxembourg**

In 1999 about 17% of workers in Luxembourg received minimum wages, 7.5% in Portugal, 2.6% in Spain and 2.2% in the Netherlands. In France, the workers remunerated at hourly "SMIC" level represented 12,8%. Generally, twice as many women as men earned the minimum wage. In Luxembourg this proportion is slightly less: 14% of men and 22% of women. In the United Kingdom around 1.7 million employees (6.9%) earned the minimum wage or less in 1999. No data are available for Belgium and Greece on number of employees earning minimum wages. In the United States, workers paid hourly rates with earnings at or below the prevailing Federal minimum wage were accounting for 6.2% in 1999.

**The systems differ 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, weekly 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 into account 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 on January 2001)

	B	DE	ES	F	FR	L	NL	P	UK
Date of introduction of minimum wage	1982	1991	1980	1970	2000	1973	1989	1971	
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 aged 18 or over	All employees aged 18 or over	All employees aged 18 or over	All employees aged 18 or over	All employees aged 23 or over	All employees aged 18 or over	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	Set by government	Set by government	Set by government	Set by government based on recommendations from 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 based on recommendations of social partners or Labour Court	Automatic indexation + periodic review	Twice a year	Annually according to government forecasts of inflation	No decision taken on future updating
Type of rate	Monthly	Monthly for non-manual workers; daily for manual workers	Monthly and daily	Hourly	Hourly	Monthly	Weekly	Monthly	Hourly
Statutory level in national currency (1)	BEF 45 095 per month	GRD 155 948 per month (2) 6988 (3) per day	ESP 72 120 per month ESP 2 404 per day	FRF 42.02 per hour	IEP 4.40 per hour	LUF 50 778 per month	NLG 587.10 per week	PTE 67 000 per month	GBP 3.70 per hour for workers aged 22 or over
In force since	1.09.00	1.07.00	1.01.01	1.07.00	1.04.00	1.01.01	1.01.01	1.01.01	1.10.00

(1) Rate applied to employees over a certain age (indicated above in coverage). For certain countries different rates are applied to young persons.  
 (2) For a single non-manual worker in his first job  
 (3) For a single manual worker in his first job

➤ **ESSENTIAL INFORMATION – METHODOLOGICAL NOTES**

When the national minimum wage is fixed at an hourly, daily or weekly rate, the following factors were used to calculate a monthly rate:

- for France: 169 hours per month,
- for Ireland, United Kingdom and United States: 22 working days at 8 hours,
- for the Netherlands: 4.33 weeks per month.

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

A Eurostat report entitled "Minimum Wages, 1997, A comparative study", provides background information on basic levels of remuneration for employees in the European Union (and European Free trade association (EFTA) countries as well as in the United States, Canada and Japan. It outlines the legal framework for minimum wages, the ways in which they are set, their scope of application, the means of enforcing them and the development in their levels.

# Further information:

## ➤ Reference publications

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

## ➤ Databases

New Cronos, Domain: Minwages

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