

# REPORT

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## WSI MINIMUM WAGE REPORT 2026

### Consolidation of the New European Minimum Wage Policy

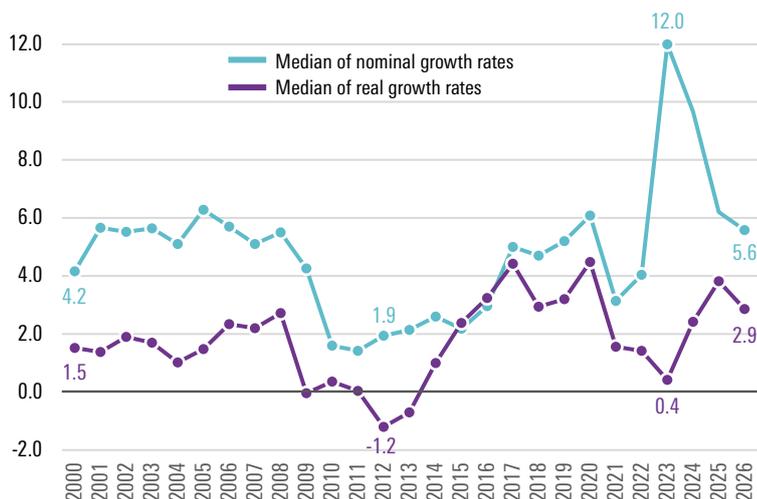
Malte Luebker, Thorsten Schulten

#### SUMMARY

In recent years, minimum wage policy in Europe has undergone a profound change: Many EU countries have raised their minimum wages above average and focused on the goal of ensuring an adequate standard of living. A consolidation of the new course is now emerging, as EU countries are now increasingly basing their minimum wage calculations on reference values as recommended in the European Minimum Wage Directive. The Directive was recently found to be fundamentally in compliance with European law by the European Court of Justice. In Germany, the Minimum Wage Commission has significantly increased the minimum wage and is now pursuing the goal of reaching 60% of the median wage. However, as the reference value has not yet been enshrined in law, progress in this country is still on shaky ground.

#### Minimum wage developments in the European Union, 2000 — 2026

Compared to 1 January of the preceding year (in %, median of growth rates)



Source: WSI Minimum Wage Database; Eurostat

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# 1 INTRODUCTION

Denmark's lawsuit against the European Minimum Wage Directive before the European Court of Justice (ECJ) meant that the reorientation of European minimum wage policy was subject to uncertainty for a long time: Would the judges, as demanded by Denmark, repeal the directive on grounds of European law? And if so, would EU member states continue their current course toward structurally higher minimum wages, even without political pressure from Brussels? With its ruling in November 2025, the ECJ dispelled these doubts, allowing European minimum wage policy to enter a phase of consolidation. The guiding principle for this policy remains, in the words of the Directive, the "adequacy of statutory minimum wages with the aim of achieving decent living and working conditions" (European Parliament/Council 2022, Art. 1 [a]).

Against this backdrop, this year's WSI Minimum Wage Report provides an overview of the status of implementation in EU member states and assesses the ECJ ruling (Section 2). The impact of the Directive is reflected in the current level of minimum wages, which are presented both in Euros (Section 3) and in purchasing power standards (Section 4). The analysis is based primarily on the latest edition of WSI Minimum Wage Database, which contains minimum wage data for EU countries and 16 other countries.<sup>1</sup> Further, Section 5 examines the extent to which minimum wages reach the reference values of 60% of the gross median wage and 50% of the average wage. Section 6 focusses on the still comparatively high growth rates of minimum wages and, finally, Section 7 draws conclusions and highlights the need for action in implementing the directive in Germany.

## 2 THE CURRENT STATE OF MINIMUM WAGE LEGISLATION IN EUROPE

For some time now, many member states of the European Union have been discussing what an "appropriate minimum wage" should look like. The objective is to go beyond a mere legal minimum and to guarantee the affected workers a certain socio-economic minimum standard of living that enables them to participate in society (Schulten/Müller 2019). These debates finally culminated in 2022 at the European level in the adoption of "Directive 2022/2041 on adequate minimum wages in the European Union" (European Parliament/Council 2022). The European Minimum Wage Directive created a Europe-wide framework for national

minimum wage policies, which contains both procedural rules for setting statutory minimum wages and recommendations on the adequate minimum wage level (Müller/Schulten 2022).<sup>2</sup>

The most important political requirement of the Minimum Wage Directive is the obligation of Member States to use "indicative reference values to guide their assessment of adequacy of statutory minimum wages" (European Parliament/Council 2022, Art. 5 [4]). While Member States are autonomous in determining level of these reference values, the Minimum Wage Directive expressly refers to the "indicative reference values commonly used at international level such as 60 % of the gross median wage and 50 % of the gross average wage" (ibid.). Therefore, one can consider these two values to be, without any doubt, in conformity with European law (Picker 2025, p.283). One of the premises of the Directive is that the implementation of the two above mentioned reference values will lead to a significant increase in statutory minimum wages in many EU member states (Müller/Schulten 2022, see also Section 5).

However, the implementation of the European Minimum Wage Directive was associated with considerable legal uncertainty for some time. Opponents of the Directive questioned whether the EU was authorized to adopt such a directive. They based their argument primarily on Article 153 (5) of the Treaty on the Functioning of the European Union (TFEU), which explicitly excludes EU competence in matters relating to "remuneration." This position was also taken by the Danish government, which, with the support of Sweden, filed a lawsuit before the European Court of Justice (ECJ) in early 2023. Its goal was to have the directive completely annulled (Kingdom of Denmark 2023). After the Advocate General assigned to the case at the ECJ endorsed this position in his report in early 2025 (Emiliou 2025), the future of the Directive seemed extremely uncertain. This led some member states to suspend implementation (Müller 2025).

With its ruling in November 2025, the ECJ ended this period of legal uncertainty by confirming that the European Minimum Wage Directive is fundamentally compatible with European law (ECJ 2025, see also Däubler 2026). Essentially, the ECJ's decision is based on the distinction between direct and indirect influence on the level of remuneration (Menegatti 2025; Müller/Schulten 2026). While the former is excluded by EU law, the EU cannot be prevented from "adopting measures which, in practice, have positive effects or repercussions on the level of pay" (ECJ 2025, para. 71).

<sup>2</sup> In addition, the European Minimum Wage Directive also aims to fundamentally strengthen collective bargaining systems in Europe. All EU countries with collective bargaining coverage below 80% must therefore submit a concrete action plan to increase collective bargaining coverage (Schulten/Müller 2024).

<sup>1</sup> The data can be accessed at <https://www.wsi.de/de/wsi-mindestlohnndatenbank-international-15339.htm>.

In the light of this, only individual provisions in the Minimum Wage Directive were repealed since they, in the opinion of the ECJ, constitute direct interference by the European legislation into the national determination of wages. This primarily concerns Article 5 (2), which lists four criteria that Member States were obliged to consider when setting and updating the statutory minimum wage. The now obsolete criteria are the purchasing power of statutory minimum wages, the general level of wages and their distribution, the growth rate of wages, and long-term national productivity trends. By contrast, the EC rule that Article 5 (4) is in conformity with European law. This is the most important article for the practical implementation of the Directive, and establishes the reference values for an adequate minimum wage.

According to a recent study by the European Trade Union Institute on the implementation of the European Minimum Wage Directive, 17 out of the 22 EU countries with statutory minimum wages were already using such reference values at the end of 2025 (Müller 2025, see also Table 1). Apart from Slovenia, which defines a specific percentage of the cost of living necessary for a minimum subsistence level as the reference value for its minimum wage, all other countries use the Kaitz index, i.e. a specific percentage of the national average and/or median wage. It is striking that Western European countries such as Germany, Ireland, and the Netherlands primarily focus on the median wage, while almost all Eastern European countries use the average wage as a reference value. The latter is probably due to the fact that many workers in these countries are still paid at a very low level, which means that the median wage is so low that it does not represent a suitable benchmark for an appropriate minimum wage.

Most countries are guided by the reference values proposed by the directive, i.e. 60% of the gross median wage and 50% of the gross average wage. In Czechia, Latvia, and Lithuania (as well as in the Netherlands, where there is currently only a legislative proposal), the reference values are slightly lower, while in Poland, Slovakia, and Spain, they are somewhat higher. Romania uses a range of 47% to 52% of the average wage. The highest reference value is found outside the EU, in the United Kingdom. Here, the government has set a target for 2024 to transform the minimum wage into a "Genuine Living Wage" that is no lower than the low-wage threshold of two-thirds of the median wage (UK Government Department for Business & Trade 2024).

There are also considerable differences between European countries regarding the regulatory instruments chosen to make the reference values legally binding (Müller 2025, pp. 59ff., see also Table 1). Eight EU countries have now incorporated the reference value into their national minimum wage legislation, most recently Poland. Here, the

law now sets 55% of the average wage as the target for the minimum wage (Mądrzycki/Pisarczyk 2025). In four other countries, the reference value has been introduced by regulation. Additionally, there are several other countries where the reference value is based on a government recommendation or has been adopted by the government together with trade unions and employers' associations within the framework of a tripartite council.

A unique case is Germany, where the reference value of 60% of the median wage of full-time workers was incorporated into the rules of procedure of the Minimum Wage Commission. This was done by unanimous decision of the representatives of trade unions and employers' associations in the Commission (Minimum Wage Commission 2025). In doing so, the Commission is following the mandate of the former Minister of Labor, Hubertus Heil (2024), to use the reference value for its future adjustment decisions. This legal manoeuvre, while falling short of statutory change, is supported by a research note prepared by the Research Services of the German Bundestag (2022, pp. 9ff.). It argues that such an interpretation of the existing Minimum Wage Act to bring it in line with European Legislation is possible. Opponents of the realignment of the commission's work, on the other hand, claim that the new rules of procedure are unlawful. They conclude that, therefore, the Commission's latest adjustment proposal is also invalid (Picker 2025, p. 287). Thüsing (2026, p. 13) even concludes that "the directive has not been implemented [in Germany] with regard to the reference value." Even if these are only individual legal opinions, the predominant impression is that the status quo is only a temporary work-around. In order to create legal clarity in Germany as well, there are calls for the reference value to be included in the Minimum Wage Act (Lübker 2026, p. 8f.).



## Use of reference values in setting statutory minimum wages in EU Member States and the United Kingdom

| Country        | Reference value  | Regulatory instrument                                |
|----------------|--|--|
| Belgium        | 50% of the average wage  | Law  |
| Bulgaria       | 50% of the average wage  | Law  |
| Croatia        | 50% of the average wage and<br>60% of the median wage          | Directive  |
| Czechia        | 47% of the average wage (effective from 2027)                  | Law  |
| Estonia        | 50% of the average wage (effective from 2028)                  | Recommendation of the Tripartite Council             |
| France         | 50% of the average net wage and<br>60% of the median net wage  | Directive  |
| Germany        | 60% of the median wage   | Rules of procedure of the<br>Minimum Wage Commission |
| Hungary        | 50% of the average wage (effective from 2027)                  | Directive  |
| Ireland        | 60% of the median wage   | Law  |
| Latvia         | 46% of the average wage  | Directive  |
| Lithuania      | 45–50% of the average wage                                     | Recommendation of the Tripartite Council             |
| Netherlands    | 50% of the median wage   | Proposed legislation                                 |
| Poland         | 55% of the average wage  | Law  |
| Romania        | 47–52% of the average wage                                     | Law  |
| Slovakia       | 60% of the average wage  | Law  |
| Slovenia       | 120–140% the cost of living for<br>a minimum subsistence level | Law  |
| Spain          | 60% of the average net wage                                    | Government Recommendation                            |
| United Kingdom | 66.6% of the median wage                                       | Government Recommendation                            |

Source: Compilation based on Müller (2025) and Müller/Schulten (2026)

### 3 MINIMUM WAGES IN EUROS, AS OF 1 JANUARY 2026

Within the European Union, the minimum wages as of 1 January 2026, were highest in Luxembourg (€15.63), the Netherlands (€14.71), and Ireland (€14.15) (Figure 1). This means that Germany (€13.90), which briefly held second place after raising its minimum wage to €12.00 on October 1st, 2022 (Lübker/Schulten 2023, p. 114f.), has now slipped back to fourth position. In Belgium, the minimum wage is currently €13.08. However, due to the indexation procedure applied there, whereby the minimum wage is automatically adjusted once the cost of living rises above a certain level, further minimum wage increases are possible during the year, as is also the case in France (€12.02) (ibid., p. 119). Twelve Southern and Eastern European countries now have minimum wages in the range of €5.00 to €9.99. The minimum wage in Spain is set at €8.63, followed by Slovenia (€8.57), Poland (€7.41), and Lithuania (€7.05). In Cyprus, which only introduced a minimum wage in 2023, it now amounts to €6.59. Followed by Portugal (€6.35), Croatia (€6.07), Greece (€5.93, adjusted to €6.20 from April 2026) and Malta (€5.74), as well as Czechia (€5.44), Estonia (€5.31) and Slovakia (€5.26). As in the previous edition of the WSI Minimum Wage Report, the conversion from monthly to hourly wages considered that workers in Greece, Portugal, and Spain are entitled to 14 salaries per year (Lübker/Schulten 2025, p. 112).

Today, only four Eastern European EU countries have minimum wages below €5: Romania (€4.80), Hungary (€4.67), Latvia (€4.62), and Bulgaria (€3.74). Minimum wages have grown faster in recent years in Eastern European countries, where wage levels used to be significantly lower than in the old EU member states (see Section 6). As a result, the gap within the European Union has narrowed significantly over the past few years: The ratio of the 9th to the 1st decile limit, which define the top and bottom 10 percent of the distribution, has fallen from a factor of 5.0 (2015) to a factor of 3.0 (2026).<sup>3</sup> The same applies to the comparison between Germany and its direct eastern neighbours: In 2015, the minimum wage in Germany was still 3.1 times higher than in Poland and 4.3 times higher than in Czechia. Today, the ratio is 1.9 (Poland) and 2.6 (Czechia), respectively.

Looking beyond the borders of the EU, the United Kingdom stands out with its National Living Wage of £12.21 (or €14.25), which will rise to £12.71 (or €14.83) on April 1st, 2026.<sup>4</sup> While the UK is one

of the front runners in Western Europe, minimum wages in the neighbouring countries of Eastern and Southeastern Europe are all below €5 when converted into Euros. This applies to Serbia (€4.28), North Macedonia (€3.38), Turkey (€3.21), and Albania (€2.94). Minimum wages below €2 still exist in Moldova (€1.90), Russia (€1.59), and Ukraine (€1.10). Similar to the situation within the EU, a catching-up process can be observed here: While the median in the eastern neighbouring countries was still a quarter (25.9%) of the EU median in 2015, median minimum wages are now almost half as high as the median in the EU (46.3%).<sup>5</sup>

Outside Europe, minimum wages in Australia (€14.24), New Zealand (€12.10), and Canada (€10.63) are roughly on par with those in Western Europe. Japan (€6.61)<sup>6</sup>, Korea (€6.43), and the US (€6.42) have unusually low minimum wages for highly developed industrialized countries. However, since the federal minimum wage in the US was last raised in 2009, it has become largely obsolete. The setting of minimum wages has therefore effectively been transferred to the states and individual municipalities, which, however, make use of this power to very different degrees: Washington, D.C. (€15.88), the state of Washington (€15.16), New York (€15.04), Connecticut (€14.99), and California (€14.96) currently have comparatively high minimum wages.<sup>7</sup> In contrast, 20 states have not set a minimum wage that exceeds the federal level. These include Texas and many other states in the more conservative South and Midwest of the US. In the two emerging economies of Argentina (€1.21) and Brazil (€1.17), the minimum wage is significantly lower.

3 Excluding Cyprus, which only introduced a minimum wage in 2023. Converted to euros at the average exchange rate for the previous year.

4 Applies to workers aged 21 and over. A lower minimum wage applies to younger employees and trainees.

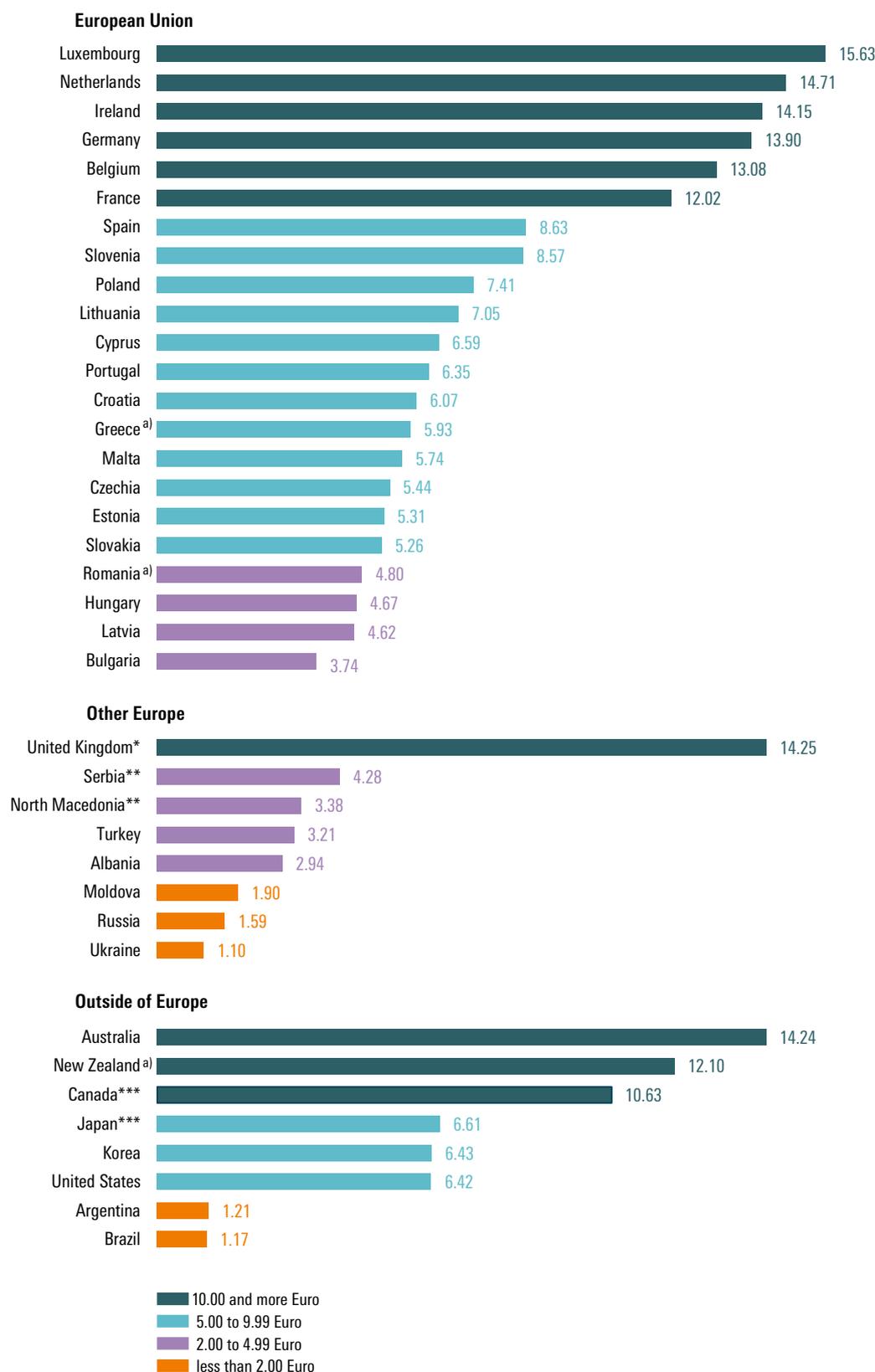
5 Excluding Cyprus; converted into euros at the average exchange rate for the previous year.

6 For Canada and Japan, the WSI minimum wage database shows the weighted average of minimum wages in the provinces and prefectures, respectively.

7 In addition, there are almost 70 cities that have set their own local minimum wages. The highest minimum wages are found in Seattle (equivalent to €18.85), Burién (€19.14), and Tukwila (€19.16) in the state of Washington (Lathrop 2025, p. 18).

## Statutory Minimum Wages, as of 1 January 2026

in € per hour



**Notes:** \* National Living Wage for employees aged 21 and over; €14.83 as of April 1, 2026.

\*\* Estimated, as the minimum wage is set as a net wage.

\*\*\* Weighted average of regional minimum wages; in some instances, adjustments take place during the course of the year.

a) **Greece:** €6.20 as of April 1, 2026; **Romania:** €5.13 as of July 1, 2026; **New Zealand:** €12.10 as of April 1, 2026.

## 4 MINIMUM WAGES IN PURCHASING POWER PARITIES, AS OF 1 JANUARY 2026

The gaps between countries in terms of their minimum wage levels are reduced when differences in the costs of living are taken into account. For this purpose, the WSI Minimum Wage Report uses purchasing power parities (PPP) determined by the International Comparison Program (ICP). The latest ICP cycle includes data for the reference year 2021 (World Bank 2024). This implies that the conversion rates are now outdated, especially for countries with high inflation. However, the International Monetary Fund (IMF 2025) publishes PPP rates as part of its World Economic Outlook, so projections for the current year are available from this source. However, these are necessarily only an approximation of the true value. The minimum wages in PPP shown here should therefore be understood as rough estimates, rather than figures accurate to the cent.<sup>8</sup>

As in the previous year (Lübker/Schulten 2025, p. 114), the minimum wages in the six Western European EU countries are all close to the PPP €12 mark (Figure 2). Due to their higher cost of living, the Netherlands (PPP €12.40), Ireland (PPP €12.04), and Luxembourg (PPP €12.01) fall behind Germany (PPP €12.58) on a PPP basis, which, by a narrow margin, moves to the first position. Belgium (PPP €12.12) and France (PPP €11.99) are also among the top in the EU on a PPP basis. In contrast to Western European countries, minimum wages in Southern and Eastern Europe are higher when expressed in PPP, due to lower price levels. Poland (PPP €10.50), for example, exceeds the PPP €10 mark, and the distance to Germany is considerably narrower than at market exchange rates. Considering the higher cost of living, there are therefore hardly any financial incentives for Polish workers to move to their western neighbour for employment at the minimum wage.

Almost all the remaining EU countries currently have minimum wages between PPP €6 and PPP €10. In southern Europe, these include Spain (PPP €9.46), Cyprus (PPP €7.50), Portugal (PPP €7.40), Greece (PPP €7.21), and Malta (PPP €6.74). In Eastern Europe, Slovenia (PPP €9.75), Lithuania (PPP €8.89), Croatia (PPP €8.49) and Romania (PPP €7.30) have comparatively high minimum wages, followed by Czechia (PPP €6.79), Slovakia (PPP €6.39) and Hungary (PPP €6.34). Conversely, even after adjusting for the cost of living, the minimum wage level remains significantly lower in Latvia

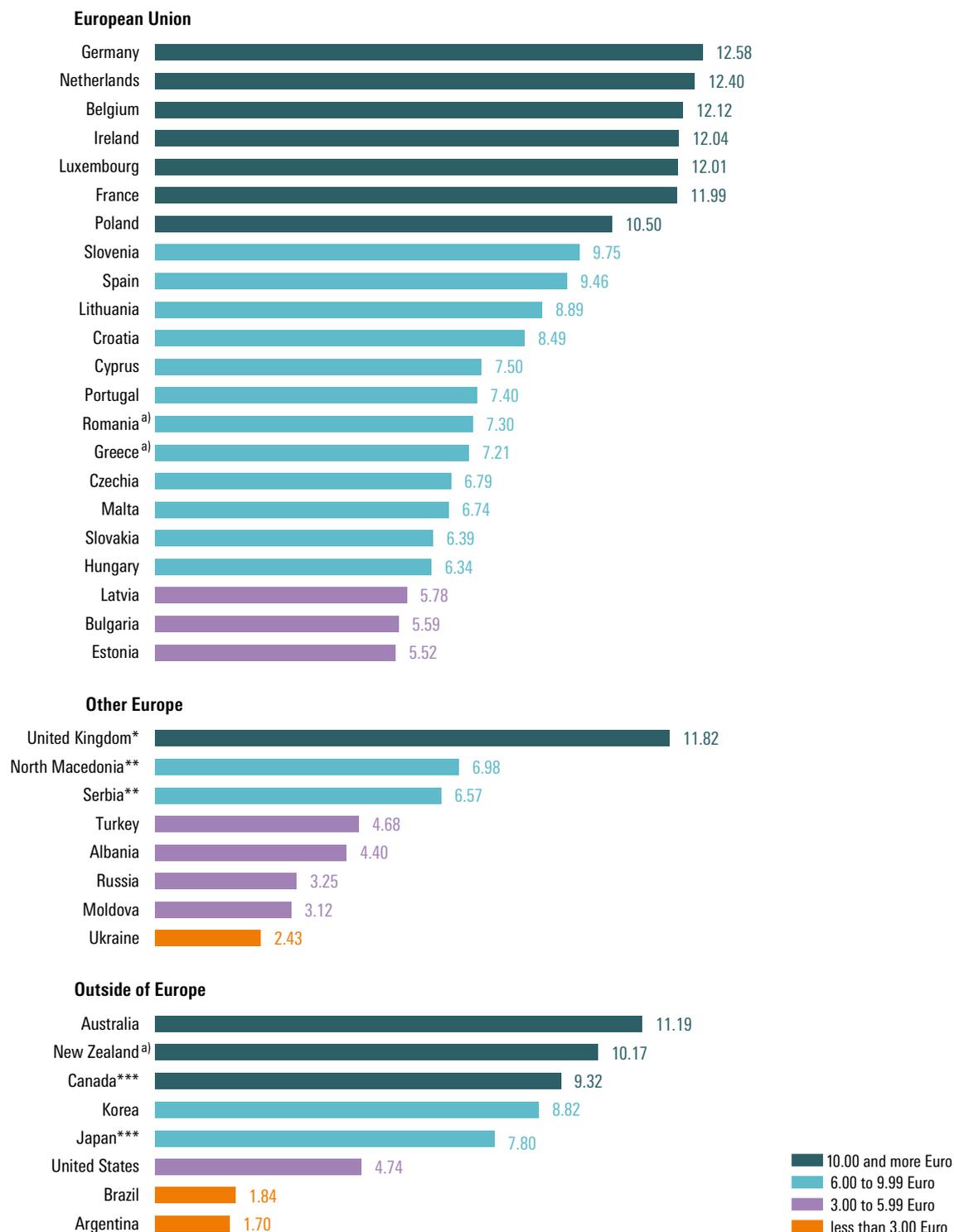
(PPP €5.78), Bulgaria (PPP €5.59) and Estonia (PPP €5.52). Nevertheless, the above finding of significant convergence in minimum wages is confirmed: While the ratio of the 9th to the 1st decile limit is currently 3.0 on a Euro basis (see above), this narrows to 2.1 on a PPP basis. Measured in terms of purchasing power, the minimum wages at the upper end of the distribution are therefore only about twice as high as those at the lower end.

In the United Kingdom (PPP €11.82), the minimum wage will rise to the equivalent of PPP €12.30 on 1 April 2026, approaching the level of the other Western European countries. In the Balkans, minimum wages currently stand at PPP €6.98 in North Macedonia, PPP €6.57 in Serbia, and PPP €4.40 PPP in Albania. In Turkey (PPP €4.68), the purchasing power of the minimum wage is similarly high, while further east in Russia (PPP €3.25), Moldova (PPP €3.12), and Ukraine (PPP €2.43), the minimum wage is worth less. Overseas, the higher cost of living in Australia (PPP €11.19), New Zealand (PPP €10.17), and Canada (PPP €9.32) also leads to a lower level once minimum wages are converted on a PPP basis. The effect is particularly curious in the United States (PPP €4.74): Here, the purchasing power of the federal minimum wage is lower than in Estonia (PPP €5.52), currently ranking last in the EU. In Korea (PPP €8.82), Japan (PPP €7.80), Brazil (PPP €1.84), and Argentina (PPP €1.70), the PPP conversion results in slightly higher values than is the case with the official exchange rates.

<sup>8</sup> The ICP standardizes PPPs to the cost of living in the United States, and the IMF follows suit. To facilitate interpretation, the data is converted into PPPs on a euro basis using Eurostat calculations.

## Purchasing power of statutory minimum wages, as of 1 January 2026

in PPP (€ basis) per hour



**Notes:** Converted using the purchasing power parities projected by the International Monetary Fund for 2026. Converted to euros using: PPP \$ 1 = PPP € 0.6533, based on the 2024 ratio of PPP for the euro area and the US, according to Eurostat.

\* National Living Wage for workers aged 21 and over; PPP €12.30 as of 1 April 2026.

\*\* Estimated, as the minimum wage is set as a net wage.

\*\*\* Weighted average of regional minimum wages.

a) Greece: PPP €7.53 as of 1 April 2026; Romania: PPP €7.79 as of 1 July 2026; New Zealand: PPP €10.37 as of 1 April 2026.

## 5 THE KAITZ INDEX AS A REFERENCE VALUE FOR AN ADEQUATE MINIMUM WAGE

Since the European Minimum Wage Directive requires member states to use a reference value to assess the adequacy of the minimum wage (see Section 2), the Kaitz Index has gained political relevance in recent years. The data compiled by the OECD, which are also used in the WSI Minimum Wage Report, compare the national minimum wage with the respective median and average wages of full-time workers. The median refers to the wage received by workers at the 50th percentile—i.e., exactly in the middle of the distribution. Since the effects of a minimum wage adjustments rarely extend to the middle of the distribution, the median itself is not usually affected by the minimum wage (see also Autor et al. 2016).

In the case of Germany, Biewen et al. (2022) conclude that the minimum wage has a positive impact on wages up to around 20% above the minimum wage. Based on the current level of €13.90, this would have a “spillover effect” on hourly wages up to around €16.70, and in 2025 (€12.82) up to wages of €15.40. This is significantly below the gross median wage of full-time workers, which, according to preliminary calculations by the Federal Statistical Office of Germany based on the Earnings Survey (VE) from April 2025, was €24.18 (BMAS 2025). In this respect, the argument put forward by employers against the reference value, namely that the level of the statutory minimum wage has a non-negligible influence on the gross median wage, is not valid (cf. ZDH 2026, p. 4). This would only be expected if the minimum wage were to increase to more than €20.

Since the OECD needs data on both wage levels and the minimum wage in order to calculate the Kaitz Index, data are only available with a time-lag. Figure 3 therefore refers to the year 2024. At the time, the minimum wage in France (62.5%) and Slovenia (60.8%) was already above the 60% mark, while in Poland (59.1%) and Portugal (58.9%) it was only slightly below that threshold (Figure 3a). Compared to the median wage, some Eastern European countries, in particular, continued to have very low minimum wages. These include Croatia (46.9%), Latvia (45.7%), Czechia (45.3%) and Estonia (41.8%).

According to the OECD calculations, Germany ranked in the middle of the EU in 2024 with a Kaitz index of 50.6%. Previously, the Kaitz index had fallen from 48.2%, when it was introduced in 2015, to just 44.8% (2021) (Lübker et al. 2025, p. 14). It was only when Parliament raised the minimum wage to €12.00 effective as of 1 October 2022, that the Kaitz index in Germany rose significantly to 51.4% (2023). Nevertheless, due to unexpectedly strong price and wage increases, the original target of reaching the threshold of 60% of the median wage

was missed. Under the influence of the European Minimum Wage Directive, however, the new reference value played a significant role for the Minimum Wage Commission’s latest adjustment decision (Schulten/Lübker 2025, see also Section 2). The second increase to €14.60, effective from 1 January 2027, corresponds to just over 60% of the median wage as of April 2025. However, as nominal wages are likely to continue rising until 2027, the German minimum wage is likely to remain below the reference value. According to an estimate by the IAB (2026, p. 4), it could be equivalent around 58.4% of the median wage in 2027.

Outside the EU, the United Kingdom (61.1% of the median) and Turkey (56.3%) have relatively high minimum wages according. Overseas, New Zealand (68.7%) and Korea (60.5%) stand out. Research findings for the United Kingdom (Manning 2021) and New Zealand (Maré/Hyslop 2021) show that the minimum wage has reduced wage inequality there, but—despite the relatively high level—has not led to measurable job losses. This finding contrasts with anecdotal evidence often cited by employers in Germany, who point to job losses in individual establishments. Dustmann et al. (2022) resolve this apparent contradiction in a highly influential paper: According to their findings, the minimum wage in Germany has led to a migration of workers from small and less productive enterprises to larger and more productive ones. On balance, therefore, despite job losses in individual companies, the minimum wage has not led to a decline in employment, but rather to increases in productivity and wages. Even for a minimum wage that is set at 60% of the median wage, no significant employment effects are to be expected in Germany, according to the results of a simulation study by Drechsel-Grau (2023).

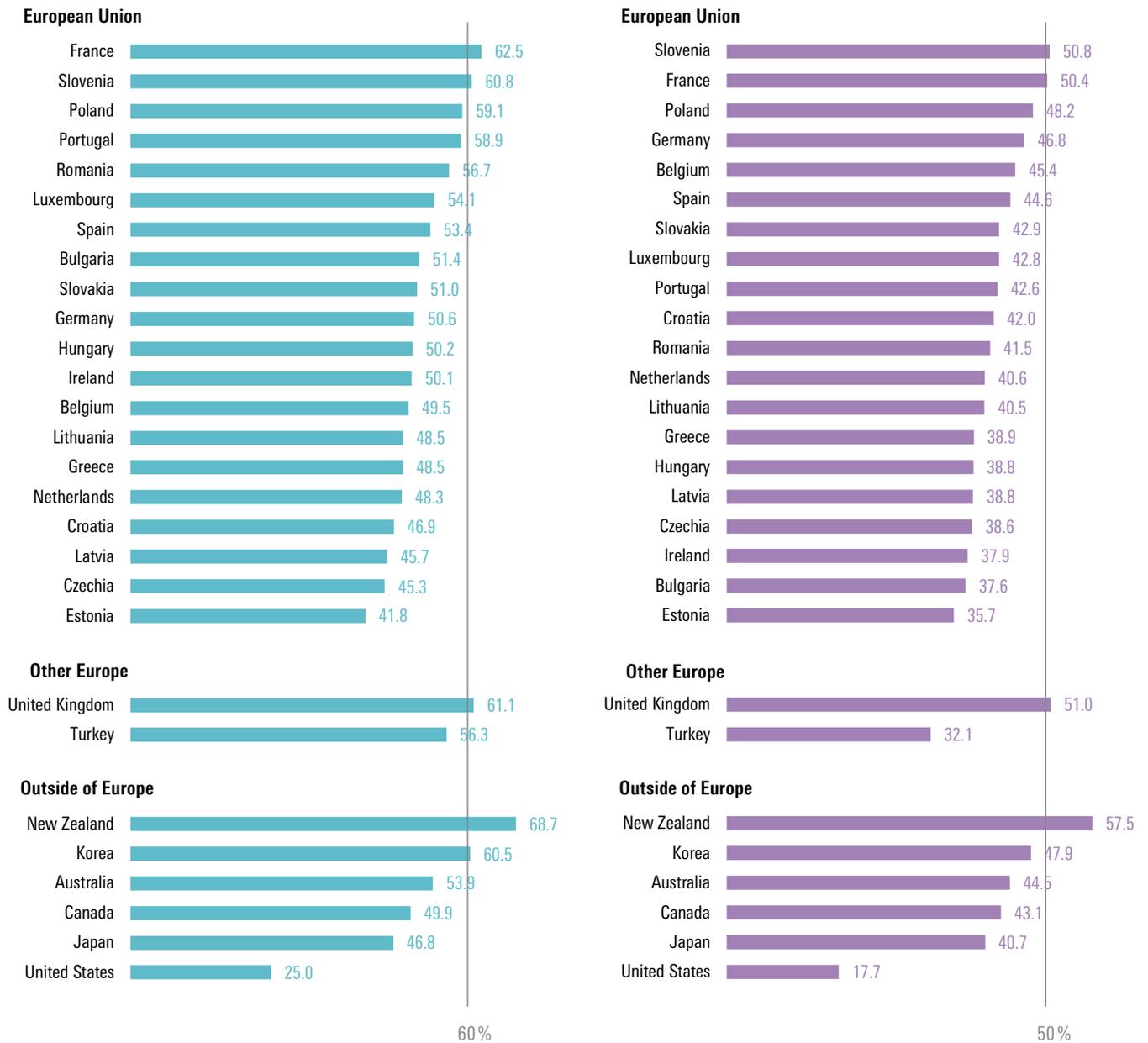
There are only minor changes when the Kaitz index is calculated based on the average wage (arithmetic mean). Within the EU, Slovenia (50.8%), France (50.4%), and Poland (48.2%) remain the three frontrunners, while outside the EU, the United Kingdom (51.0%), New Zealand (57.5%), and Korea (47.9%) are taking the lead (Figure 3b). Portugal (42.6%) and Turkey (32.1%), on the other hand, now lag behind. This implies that, in both countries, the average wage is significantly higher than the median wage. Here, particularly high wages at the upper end of the distribution lead to a high average value. For either country, this is also reflected in the ratio of wages at the 9th to the 5th decile limits. According to OECD data, the D9/D5 ratio stood at 2.26 (figure for 2018) in Turkey and 2.33 (2023) in Portugal. In Germany, on the other hand, wage inequality is much lower, with a D9/D5 ratio of 1.78 (2023).

When measured against the reference values for an appropriate minimum wage level of 60% of the median and 50% of the average wage enshrined in the European Minimum Wage Directive, there is still a considerable need for adjustment in most EU

**Relative value of the minimum wage (Kaitz index, 2023)**  
in per cent

a) Minimum wage as percentage of the median wage

b) Minimum wage as percentage of the average wage



**Notes:** The OECD calculates the Kaitz index on the basis of the median and average wage of full-time workers. No data were available for the following countries: Albania, Argentina, Brazil, Malta, Moldova, North Macedonia, Russia, Serbia, Ukraine and Cyprus. All values are rounded.

member states. Accordingly, high increases in national minimum wages can currently be observed in many countries.

## 6 CURRENT DEVELOPMENTS IN MINIMUM WAGES: REAL INCREASES REMAIN HIGH

In most countries, statutory minimum wages are adjusted once, at the beginning of each year. In some countries, increases also take place during the year. This is particularly true of the Benelux countries and France, which automatically adjust their minimum wages in line with wage and price developments. Of the 22 EU countries with statutory minimum wages, 18 last increased them on 1 January 2026 (Table 2), while in two others—Greece and Luxembourg—the increase already came into effect during the course of 2025. This leaves only two countries where there have been no increases compared to the previous year. One of these is Romania, which has decided to postpone its next minimum wage increase to 1 July 2026. In Estonia, on the other hand, employers and trade unions have not been able to agree on a minimum wage increase before the editorial deadline closed (1 February 2026).

As of 1 January 2026, five EU countries raised their minimum wage by a double-digit margin as compared to the level on 1 January 2025. These are exclusively countries from Eastern Europe, including Slovenia, which is leading with a nominal increase of 16.0%. It is followed by Bulgaria (12.6%), Slovakia (12.1%), as well as Lithuania and Hungary, each with a growth of 11.0%. Apart from Slovenia, these are all countries with very low minimum wage levels that are now continuing to catch up with the rest of Europe. The exceptionally high minimum wage increase in Slovenia, on the other hand, is a direct result of the new Slovenian Minimum Wage Act. It explicitly defines the minimum wage as a Living Wage that must not fall below 120% of the officially calculated subsistence level (The Slovenia Times 2026).

In seven other EU countries, minimum wages rose by between 5% and 10%. This includes Germany, where the statutory minimum wage was increased by 8.4% on 1 January 2026. This is the largest adjustment ever made by the Minimum Wage Commission. In seven other EU countries, the minimum wage increase was between 2.5% and 5%. Coming up last, were France, with an increase of only 1.2%, and Estonia and Romania, where minimum wages were not increased during the period in question. Outside the EU, the highest increases were seen in Albania, Russia, and Serbia, with growth rates of more than 20%. However, strong

base effects are at work here, as the minimum wage is at a very low starting level.

The differing adjustments in minimum wages partly reflect the varying inflation rates in the individual countries. When the increase in minimum wages is adjusted for consumer price inflation, Slovenia again takes first place, with a real increase of 13.2%. Followed by Bulgaria (8.8%), Cyprus (7.9%) and Slovakia (7.6%). Germany also ranks in the upper midfield with a real increase in the minimum wage of 6.0%. In seven EU countries, real increases range between 0% and 2%, while minimum wage earners in three EU countries suffered real wage losses. Beyond Europe, Albania, Russia, and Serbia recorded the highest real increases. By contrast, in Turkey and Argentina, in particular, minimum wage increases were not sufficient to offset the still very high inflation rates in both countries.

Compared with previous years, the nominal growth of minimum wages in the EU has significantly slowed down (Figure 4). When compared with a median increase of 12% at the beginning of 2023, 9.7% at the beginning of 2024, and 6.2% at the beginning of 2025, the median nominal growth rate stood at 5.6% at the beginning of 2026. In the long-term perspective, nevertheless, this remains a relatively high figure. Also, the high growth rates of previous years were also a reaction to exceptionally high inflation. At the beginning of 2026, the price-adjusted median minimum wage growth in EU countries amounted to 2.9%. Although this did not reach the previous year's level of 3.8%, it was higher than in the years 2000 to 2015 and 2021 to 2024. Overall, real increases remain high in most of the EU, pointing towards a consolidation of the new minimum wage policy.

When compared to levels prevailing in 2015, nominal minimum wages have risen profoundly in most EU countries over the past eleven years. This resulted in significant real wage increases for minimum wage earners. In Eastern Europe in particular, minimum wages have grown by high double-digit or even triple-digit margins in many countries (Table 2, right columns). In contrast, minimum wage increases in Western European countries have been significantly lower. This is primarily due to the fact that their absolute level was already significantly higher in 2015. In Germany, the minimum wage has risen by 23.1% in real terms since its introduction, with larger real increases only being achieved since the large adjustment made by Parliament in 2022 (Lübker et al. 2025). The only country in the EU where the minimum wage has seen virtually no real growth since 2015 is France. Here, minimum wage adjustments are essentially limited to offsetting price increases. However, according to the Kaitz Index, France has long had one of the highest minimum wages in the EU, at around 60% of the median wage, corresponding to the reference value of the European Minimum Wage Directive for an adequate minimum wage.

### Development of statutory minimum wages, 2026

Change on 1 January 2026 compared to the previous year and 1 January 2015

Figures in per cent

|                          | Change compared to<br>1 January 2025 |       | Change compared to<br>1 January 2015 |       | Last modified |
|--------------------------|--------------------------------------|-------|--------------------------------------|-------|---------------|
|                          | Nominal                              | Real  | Nominal                              | Real  |               |
| <b>European Union</b>    |                                      |       |                                      |       |               |
| Slovenia                 | 16.0                                 | 13.2  | 87.8                                 | 44.4  | 01.01.26      |
| Bulgaria                 | 12.6                                 | 8.8   | 232.3                                | 135.7 | 01.01.26      |
| Slovakia                 | 12.1                                 | 7.6   | 141.2                                | 62.2  | 01.01.26      |
| Lithuania                | 11.0                                 | 7.3   | 287.4                                | 150.0 | 01.01.26      |
| Hungary                  | 11.0                                 | 6.3   | 207.3                                | 76.5  | 01.01.26      |
| Cyprus                   | 8.8                                  | 7.9   | a)                                   | a)    | 01.01.26      |
| Germany                  | 8.4                                  | 6.0   | 63.5                                 | 23.1  | 01.01.26      |
| Croatia                  | 8.2                                  | 3.7   | 163.7                                | 91.8  | 01.01.26      |
| Czechia                  | 8.0                                  | 5.6   | 144.4                                | 56.9  | 01.01.26      |
| Greece                   | 6.0                                  | 3.1   | 50.2                                 | 23.7  | 01.04.25      |
| Portugal                 | 5.7                                  | 3.5   | 82.2                                 | 45.2  | 01.01.26      |
| Latvia                   | 5.4                                  | 1.5   | 116.7                                | 43.3  | 01.01.26      |
| Ireland                  | 4.8                                  | 2.7   | 63.6                                 | 34.2  | 01.01.26      |
| Netherlands              | 4.6                                  | 1.6   | 61.3                                 | 18.5  | 01.01.26      |
| Belgium                  | 4.0                                  | 1.0   | 43.4                                 | 5.2   | 01.01.26      |
| Malta                    | 3.5                                  | 1.0   | 38.0                                 | 8.3   | 01.01.26      |
| Spain                    | 3.1                                  | 0.4   | 88.3                                 | 49.6  | 01.01.26      |
| Poland                   | 3.0                                  | -0.4  | 176.3                                | 81.0  | 01.01.26      |
| Luxembourg               | 2.5                                  | 0.0   | 40.6                                 | 9.8   | 01.05.25      |
| France                   | 1.2                                  | 0.3   | 25.1                                 | 0.4   | 01.01.26      |
| Estonia                  | 0.0                                  | -4.6  | 126.9                                | 39.5  | 01.01.25      |
| Romania                  | 0.0                                  | -6.3  | 315.4                                | 160.6 | 01.01.25      |
| <b>Other Europe</b>      |                                      |       |                                      |       |               |
| Albania                  | 25.0                                 | 22.2  | 127.3                                | 72.3  | 01.01.26      |
| Russia                   | 20.7                                 | 10.8  | 354.2                                | 110.0 | 01.01.26      |
| Serbia**                 | 20.5                                 | 15.7  | 203.4                                | 90.0  | 01.01.26      |
| Moldova                  | 14.5                                 | 6.4   | 281.8                                | 57.7  | 01.01.26      |
| Ukraine                  | 8.1                                  | -4.0  | 609.9                                | 67.5  | 01.01.26      |
| North Macedonia**        | 8.1                                  | 3.6   | 174.3                                | 83.7  | 01.03.25      |
| Turkey                   | 8.0                                  | -20.0 | 2104.6                               | 67.5  | 01.01.26      |
| United Kingdom*          | 6.7                                  | 3.2   | 87.8                                 | 35.7  | 01.04.25      |
| <b>Outside of Europe</b> |                                      |       |                                      |       |               |
| Argentina                | 18.9                                 | -15.9 | 7130.7                               | -54.5 | 01.01.25      |
| Brazil                   | 6.8                                  | 1.5   | 105.2                                | 11.0  | 01.01.26      |
| Japan***                 | 6.0                                  | 2.6   | 43.3                                 | 24.5  | 01.01.26      |
| Australia                | 3.5                                  | 0.9   | 47.9                                 | 10.1  | 01.07.25      |
| Korea                    | 2.9                                  | 0.9   | 84.9                                 | 49.6  | 01.01.26      |
| Canada***                | 2.2                                  | 0.2   | 58.6                                 | 21.1  | 01.01.26      |
| New Zealand              | 1.5                                  | -1.2  | 64.9                                 | 22.8  | 01.04.25      |
| USA                      | 0.0                                  | -2.6  | 0.0                                  | -23.6 | 24.07.09      |

**Notes:** a) For Cyprus, no rate of change compared to 1 January 2015 can be calculated, as the country did not introduce a general statutory minimum wage until 1 January 2023.

\* National Living Wage for workers aged 21 and over.

\*\* Estimated, as the minimum wage is set as a net wage.

\*\*\* Weighted average of regional minimum wages; partially adjusted during the year.

### Minimum wage developments in the European Union, 2000 – 2026

Compared to 1 January of the preceding year (in %, median of growth rates)



**Note:** The median of the national growth rates for the countries of the European Union is shown (territorial status as of 1 January 2026, that is, excluding the United Kingdom). For the real growth rates, the national rates of increase were adjusted using the HICP.

Source: WSI Minimum Wage Database; Eurostat

WSI

## 7 CONCLUSION: EU DIRECTIVE SHAPES NEW MINIMUM WAGE POLICY IN EUROPE

With its ruling in November 2025, the ECJ (2025) has provided legal clarity: The European Minimum Wage Directive does not directly interfere with wages and, apart from a few detailed provisions, therefore conforms to European law. According to the ECJ, the European Union is authorized to “achieve the aims of social policy” and take up “measures which, in practice, have positive effects or repercussions on the level of pay” (ibid., para. 71). As this year’s WSI Minimum Wage Report shows, the Directive continues to shape the dynamics of minimum wages: In median terms, these rose by 2.9% in the EU as of 1 January 2026, compared with the same period last year, adjusted for inflation. Although this is a slowdown compared with the previous year’s figure of 3.8%, it is still well above general wage growth (cf. Janssen/Lübker 2025). Again, significant increases in many Eastern

European countries can be observed this year, further reducing the intra-European gap in minimum wages.

A key driver of the high growth rates are the reference values that EU member states are required to apply under Article 5(4) of the Directive in order to assess the adequacy of their minimum wages. Although Member States are free to decide on the level of the national reference value, the two internationally accepted values enshrined in the Directive – 60% of the gross median wage and 50% of the gross average wage – have established themselves as the common standard, with minor deviations above and below (see Section 2). The level of the respective reference value has generally been set by law or regulation, although the legislative process has not yet been completed in some countries.

In this regard, Germany is an unusual case: On the one hand, the European Minimum Wage Directive has had a clear influence on the latest decision by the Minimum Wage Commission. After an 8.4% increase to €13.90 at the beginning of the year, a

further raise to €14.60 will take effect on 1 January 2027. The second step was based on the reference value of 60% of the median wage of full-time workers. However, since the underlying data refer to April 2025, Germany is likely to fall short of the reference value again, as was already the case with the increase to €12 (IAB 2026). Nevertheless, the decision marks a break with previous adjustment decisions, in which wage increases negotiated in collective bargaining agreements were the dominant criterion (Lübker et al. 2025).

On the other hand, the reference value has not yet been incorporated into the Minimum Wage Act in Germany, but has only been laid down in the rules of procedure by the Minimum Wage Commission itself. These state that the „Minimum Wage Commission [...], when adjusting the minimum wage, [...] is guided by the past development of collective agreements and the reference value of 60 % of the median wage of full-time workers“ (Minimum Wage Commission 2025). This creates a „gap between the law and the actual practice,

which entails legal uncertainty and can weaken the legitimacy of the decisions taken by the Commission“ (Krebs 2026, p.2). Critics of the Commission use this discrepancy – with great media impact<sup>9</sup> – to cast doubt on the legality of the Commission’s last decision. However, there is an easy fix for this problem: Parliament can provide legal clarity here by incorporating the wording that was adopted by the Commission into the Minimum Wage Act (Lübker 2026, p.11f.).

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<sup>9</sup> See, f. ex., Creutzburg, D. (2025): Is the increase in the minimum wage invalid?, in: Frankfurter Allgemeine Zeitung, November 4th, 2025; Riechelmann, A. (2025): New minimum wage in jeopardy? Experts doubt implementation, in: Der Westen, November 6th, 2025; Schiermeyer, M. (2025): This increase in the minimum wage is unconstitutional, in: Stuttgarter Nachrichten, November 10th, 2025.



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