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The minimum wage in Greece, France and Germany

MINIMUM WAGE

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1.

The minimum wage in Greece

Athina Malagardi

ACRONYMS

AI	Artificial Intelligence
GSEE	General Confederation of Greek Workers
EGSSE	National General Collective Labour Agreement
ECT	European Central Bank
ELSTAT	Hellenic Statistical Authority
EUROSTAT	Statistical Office of the European Union
EUROFOUND	European Foundation for the improvement of Living and working conditions
EU	European Union
ESEE	Hellenic Confederation of Commerce and Entrepreneurship
GSEVEE	Hellenic Confederation of Professionals, Craftsmen, and Merchants

ILO	International Labour Organisation
ILC	International Labour Convention
INE GSEE	GSEE Labour Institute
IOBE	Foundation for Economic and Industrial Research
IME GSEVEE	Small Enterprise Institute of GSEVEE
KEPE	Centre for Planning and Economic Research
JMD	Joint Ministerial Decision
OECD	Organisation for Economic Cooperation and Development
OMED	Organization for Mediation and Arbitration
PYS	Decree of the Council of Ministers, Greece
SEV	Hellenic Federation of Enterprises
CLA	Collective Labour Agreement
StE	Council of State
SETE	Greek Tourism Confederation
SVE	Federation of Industries of Greece - Thessaloniki
BoG	Bank of Greece
MD	Ministerial Decision

1.1 The process of regulating the minimum wage in Greece

1.1.1. From setting the minimum wage through free collective bargaining to the “statutory minimum wage”

From the early 1950s, the minimum wage in Greece was set through the **National General Collective Labour Agreements (EGSSE) (Law 3239/1955), following free collective bargaining with the national social partners.** The establishment of a general minimum wage was of particular importance, as it was closely tied to the principle of the social state and the constitutional right to work, enshrined in article 22, paragraph 1 of the Constitution. Subsequently, Law 1876/1990, which introduced the institution of free collective bargaining, was adopted by all parties in Parliament following the agreement of all employers’ and workers’ organizations. This law further strengthened the EGSSE, establishing it as a form of collective labour agreement that set minimum working conditions for employees across the country. This led to the signing of the EGSSE, which, in addition to setting salary conditions, helped shape the national regulatory framework in key areas of law, including gender equality, protection of parenthood, regulation of working time, and lifelong education of employees. The EGSSE served as a reference point for determining the amount of wages in the other types of collective agreements.

By virtue of **Law 4093/2012, (A’ 222)** – and while Greece was under a fiscal adjustment program the system of determining the minimum wage through free collective bargaining was changed and a new system of setting the “**statutory minimum wage**” was introduced, which entered into force on 1.4.2013. By amending article 8 paragraph 1 of Law 1876/1990, the binding force and the universal

application of the EGSSE were repealed and a new provision was introduced according to which the EGSSE determines **non-salary issues** that apply to all workers throughout the country. However, employers and businesses that are not members of the respective employers’ organizations that are parties to the EGSSE (SEV, GSEVEE, ESEE, SETE, SVE), ceased, as of 12.11.2012 (the date of publication of the law), to be bound by the wage conditions set by the EGSSE in force at the time. Consequently, the trade unions were stripped of the power to regulate generally applicable working conditions, which then became subject to state intervention (ESC, 2013, Initiative Opinion no. 287). In addition, the binding force and universal application of the EGSSE with respect to the minimum pay conditions for all salaried workers nationwide were abolished. The last time the minimum wage was set by the agreement of the social partners was under the 2010- 2011-2012 EGSSE when the minimum wage on 1 July 2011 stood at 751.39 euros. With **PYS 6/2012, a nominal reduction of 22% was imposed by state intervention** for workers over 25 years of age and 32% for workers aged 18 to 25 years of age (creation of a sub-minimum wage). The minimum wage for workers over 25 years was reduced by 165.31 euros standing at 586.08 euros and for workers aged 18 to 25 years was reduced by 240.44 euros, to 510.95 euros.

Furthermore, article **103 of Law 4172/2013**, introduced a new system for fixing the statutory minimum wage and daily wage, according to which the Minister of Labour is given legislative authority to issue a Ministerial Decision setting its amount, following the consultation of the government with the national social partners (GSEE, SEV, GSEVEE, ESEE, SETE, SVE) and agreement of the Ministerial Cabinet. As part of the process in force for setting the current statutory minimum wage and daily wage, Law 4172/2013 provides for the compilation of reports

by specific research bodies and analyzes available data from various sources (such as ELSTAT, ERGANI, Eurostat, OECD), which facilitate the formulation of arguments regarding the appropriate policy regarding the change of the minimum wage. The above procedure was first implemented starting in September 2018 and was completed with the publication of Ministerial Decision no. 4241/20.01.2019.

In Greece for **seven years, from 2012 until 1 February 2019** - i.e. the country's exit from the enhanced surveillance programs on 21 August 2018 - the minimum wage **remained frozen at 586.08 euros**. For ten whole years i.e. **from 2012 to 2022**, Greece was the only EU country where **the minimum wage remained below its 2012 level**, and the only country with a negative average growth rate until 2019.

However, **from 2019 to date (2025) the statutory minimum wage has increased five times, by a total of 35.4%**, from €650 gross to €880 in 2025, placing Greece 11th among the 22 EU countries that apply a statutory minimum wage (Ministry of Labour, 26 March 2025). Specifically, the minimum wage increased by 9.5% in 2022, 9.4% in 2023, 6.4% in 2024 and finally 6.02% in 2025 (Bank of Greece, 21 March 2025). Nevertheless, it is worth noting that Greece ranks last among EU countries in terms of purchasing power (Purchasing Power standards) of the average annual adjusted full-time salary per employee (EUROSTAT, 2023) and tops the list regarding difficulties in covering basic needs, at 80% (Eurofound, 2024, Minimum wages). According to ELSTAT data (April 2025, Survey on Household Income and Living Conditions for the year 2024), the risk of poverty or social exclusion affects 26.9% of the population, meaning that more than one in four Greeks is at risk of poverty.

The increase in the minimum wage directly affects 1.6 million beneficiaries, including 575,000 private sector salaried employees, as well as civil servants, various allowances and benefits linked to the minimum wage, seniority bonuses (three-year increments), and, indirectly, the average wage (Ministry of Labour, 27 March 2025). However, it should be noted that **the collective bargaining coverage rate** in Greece was 14.2% according to the OECD (April 2023, for the year 2017), and **19.3%** in the first quarter of 2025, according to the ECB (June 11, 2025). Moreover, the last increase in the minimum wage in 2025 occurred while the **unemployment rate in March 2025 stood at around 9%**, making Greece the EU country with the second-highest unemployment after Spain (10.9%), **whereas the EU average was 5.8%** (EUROSTAT, 2 May 2025). In terms of youth unemployment (under 25), Greece again ranked second, with a rate of nearly 25.2% in March 2025, compared to the European average of 14.5%. It should be stressed that the GDP in the 4th quarter of 2024 increased compared to the 3rd quarter of 2023 by 2.6% (ELSTAT, 7 March 2025), and the total growth in the year 2024 was 2.3%.

1.1.2 A new system for setting the “statutory minimum wage” following the transposition of Directive (EU) 2022/2041, by virtue of Law 5163/2024

By virtue of Law 5163/2024, Greece transposed **Directive (EU) 2022/2041** on adequate minimum wages into national law: Article 6 replaced article 134 of the Code of Individual Labour Law. Henceforth, the determination of the statutory minimum monthly and daily wage shall be adjusted on an annual basis, following consultation with the national social partners, pursuant to a new system that prioritizes the automatic adjustment of the statutory minimum wage and daily wage, on the basis of a coefficient/algorithm with fixed parameters.

This system shall enter into force on 1 January 2028, (while, for the years 2025, 2026, and 2027, Article 15 of the present Law, establishing an interim procedure, shall apply).

The new system for automatically setting the minimum wage, following consultation, will be derived from the sum of: (a) the **annual rate of change in the consumer price index** from 1 July of the previous year to 30 June of the current year, specifically for the lowest twenty percent (20%) of the household income distribution; and (b) **half of the annual rate of change in the purchasing power of the general wage index** over the same period. The purchasing power of the general wage index is a new criterion for Greek legislation. If the above coefficient leads to a reduction of the statutory minimum wage, no adjustment shall be made, in accordance with the requirements of article 5 paragraph 3 of Directive 2022/2041, which sets as a precondition that the automatic mechanism for indexation adjustments shall be applied provided that it *‘does not lead to a decrease in the statutory minimum wage’*. This mechanism was based on French model, as will be analysed below. Furthermore, in accordance with article 5 paragraph 4 of the Directive and recital 28, Member States are required to apply indicators and relevant reference values to guide their assessment of the adequacy of the statutory minimum wage. They may choose **between indicators commonly used at the international level** (such as the Kaitz Index) and/or indicators used **at the national level** to ensure a decent standard of living, reduce in-work poverty, promote social cohesion and upward social convergence, and reduce the gender pay gap. The assessment might be based on reference values commonly used at international level such as the ratio of the *gross minimum wage to 60 % of the gross median wage* and the *ratio of the gross minimum wage to 50 % of the gross average wage*, which are currently not met by all Member States, or the *ratio of the net minimum wage to 50 % or 60 % of the net average wage*. The assessment might also be based on reference values associated to indicators used at national level, such as the comparison of the net minimum wage with the poverty threshold and the purchasing power of minimum wages.

In conclusion, **four distinct periods** can be identified in the development of the minimum wage in Greece: **a. the first period, up to 2012**, during which the minimum wage was determined through free collective bargaining by the national social partners, via the signing of the EGSSE and its universal application. Between 2000 and 2012, a nominal increase of 61.5% was observed, with productivity growth exceeding that rate. **b. the second period from 2012 to 2018**, during which the country was under fiscal adjustment and the minimum wage was regulated through state intervention (PYS 6/2012, Law where it increased by more than 27% Law 4093/2012, Law 4172/2013). This period saw a nominal reduction of 22% for workers over the age of 25 and 32% for those aged 18 to 25, with the introduction of a sub-minimum wage. These measures aimed to reduce labour costs and enhance competitiveness, while unemployment reached historically high levels—exceeding 27% in 2013. **c. the third period, from 2019 to 2027**, during which the statutory minimum wage and daily wage were set by Ministerial Decision of the Minister of Labour, following consultation with the national social partners and with the agreement of the Ministerial Cabinet. This period was marked by an upward trend in the minimum wage (a total increase of 35.4% from 2019 to 2025), the elimination of the sub-minimum wage, and a decline in unemployment, which fell to 9% by March 2025 and finally **d. the fourth period, beginning on 1.1.2028**, will be based on a fixed salary reference point, which will serve as the foundation for the **automatic adjustment mechanism** under the new minimum wage system, i.e. based on a **co-efficient/algorithm with fixed parameters**.

Minimum wage in Greece, unemployment and GDP (2000–2024)

Year	Minimum wage (nominal gross earnings, €) on a 12-month basis	Minimum wage (nominal gross earnings in €) on a 14-month basis	Unemployment rate of persons aged 15–64 (%) (2nd quarter)	GDP (annual changes, %)
2000	542.7€	465.2€	11.5%	5.6%
2001	543.6€	465.9€	10.6%	7.7%
2002	571.7€	490.0€	10.2%	7.4%
2003	606.5€	519.9€	9.6%	9.4%
2004	630.8€	540.7€	10.5%	8.3%
2005	667.7€	572.3€	9.9%	2.9%
2006	709.7€	608.3€	9.0%	9.3%
2007	730.3€	626.0€	8.3%	6.8%
2008	794.0€	680.6€	7.4%	4.0%
2009	817.8€	701.0€	9.2%	-1.8%
2010	862.8€	739.6€	12.2%	-5.6%
2011	862.8€	739.6€	16.8%	-9.3%
2012	876.6€	751.4€	24.0%	-7.3%
2013	683.8€	586.1€	27.5%	-4.5%
2014	683.8€	586.1€	26.8%	-1.5%
2015	683.8€	586.1€	24.8%	-0.5%
2016	683.8€	586.1€	23.3%	-1.1%
2017	683.8€	586.1€	21.3%	1.4%
2018	683.8€	586.1€	19.2%	1.5%
2019	758.33€	650.0€	17.0%	2.1%
2020	758.33€	650.0€	16.8%	-9.8%
2021	758.33€	650€	15.9%	+8.4%
2022	773.5€ 831.83€	663€ 713€ (from 1.5.22)	12.5%	5.6%
2023	910.0€	780€	11.2%	2.4%
2024	968.33€	830€	9.5%	2.3%

Source: ELSTAT, EUROSTAT / Processing: INEMY / ESEE

1.2 The role of the national social partners and social dialogue in the new process of setting the statutory minimum wage based on Law 5163/2024

In accordance with article 7 of Directive (EU) 2022/2041, it is essential **that social partners should be involved in a timely and effective manner** in setting and updating the statutory minimum wages, as well as in the establishment or modification of automatic indexation adjustment mechanisms, where they exist, which is yet another element of good governance, allowing for an informed and inclusive decision-making process. Member States should provide social partners with relevant information on the setting and updating of statutory minimum wages. Giving the social partners the opportunity to express opinions and to receive a reasoned response to opinions delivered prior to the presentation of proposals, on statutory minimum wage-setting and updating and before any decisions are taken, could contribute to the proper involvement of the social partners in that process. The **contribution of the social partners** must therefore be substantive and not symbolic or procedural, this being the **key element of good governance and meaningful social dialogue**.

It should be noted that the Commission's Report Expert Group (2023), Transposition of Directive (EU) 2022/2041 on adequate minimum wages in the European Union, p. 23) has pointed out that each Member State could be inspired and guided by the ILO Conventions and Recommendations and the studies of the European Foundation for the Improvement of Living and Working Conditions (EUROFOUND) **on the effective involvement of social partners in the Action Plan**.

In Greece, in accordance with article 7 of **Law 5163/2024**, the involvement of the social partners in setting and updating of the statutory minimum wage (article 7 of Directive EU 2022/2041) is limited **to a purely advisory role and their opinion on:** **a)** the selection and application of the criteria for setting the amount of the statutory minimum wage and the statutory minimum daily wage, referred to in par. 4 of article 134C of the Code of Individual Labour Law, **b)** the establishment of a formula for the automatic adjustment of the statutory minimum wage and the statutory minimum daily wage and its amendment, in accordance with par. 1 of article 134 of the Code of Individual Labour Law, **c)** the choice and manner of application of the indicative values of articles 134 and 134C of the Code of Individual Labour Law on the assessment of the adequacy of the statutory minimum wage and the statutory minimum daily wage, **d)** the updating of the statutory minimum wage and the statutory minimum daily wage, set in accordance with the procedure laid down in article 134 of the Code of Individual Labour Law, **e)** the establishment of variations in the statutory minimum wage and the statutory minimum daily wage and applicable deductions, in accordance with par. 12 of article 134 and

par. 9 of article 134C of the Code of Individual Labour Law, and **f)** decisions concerning data collection and the need to carry out studies and analyses to provide information to the authorities and social partners and other bodies involved in setting the statutory minimum wage and the statutory minimum daily wage.

Two Committees will be created, on the one hand, the Scientific Committee consisting of 5 experts in economic matters, and on the other, the Consultation Committee tasked with reviewing scientific documentation and formulating an opinion or multiple opinions by the national social partners and ADEDY. When the latter convenes to discuss the amount and updating of the minimal wage, it will be chaired by the President of the OMED. These Committees will operate during the 2025-2027 interim period, before 1.1.2028 when the automatic adjustment will begin. An important question, therefore, concerning the respect of collective autonomy, is whether the role of the national social partners in this new system will be substantive or merely procedural, both during the interim period and from 1 January 2028 onwards. Indeed, even during the interim period 2025–2027, under article 6 of Law 5163/2024, the Conclusion of the Consultation is merely “taken into account” in determining the minimum wage, without any requirement for the Minister to justify a deviation from that Conclusion (article 6 of L. 5163/2024, “11. a) Within the second fortnight of December each year, the Minister of Labour and Social Security and the Minister of National Economy and Finance shall propose to the Ministerial Cabinet the statutory minimum wage and the statutory minimum daily wage, taking into account the outcome of the consultation as submitted and drafted in the procedure described above”).

1.3 Evaluation of the current mechanism for determining the statutory minimum wage

The minimum wage serves as a safety net for those groups of workers who need it; for this reason, its application is universal (ILO, 2018, minimum wage policy guide, Chapter 1, Geneva). The new system for setting the statutory minimum wage, based on the French model, presents significant advantages and challenges, particularly for countries such as Greece, which, since 2010, has undergone a decade-long deep economic crisis marked by economic adjustment programs, high unemployment rates, a large informal economy, and widespread undeclared work (ILO, 2016, Diagnostic Report on undeclared work in Greece). In Greece, the predominance of micro-enterprises is notable, with 94.7% employing between 0 and 9 workers and accounting for 48.6% of private sector employment. 99.9% of enterprises in Greece employ between 0 and 249 employees (European Commission, 2024, SME Performance Review, Greece Country Sheet), while coverage by collective agreements remains limited, not exceeding 20% (OECD, April 2023; ECB, 11 June 2025).

Pros

A key advantage of introducing the new algorithm-based model is its transparency and objectivity, as adjustments are based on specific economic data. Moreover, a positive element is its response to economic conditions as the algorithm automatically adjusts to economic indicators, such as inflation. Furthermore, for the first time and in accordance with the requirements of Directive 2022/2041, the basic salary also applies to public sector workers and cannot be reduced.

Cons

It is worth noting, however, that all four national criteria set out in article 5 of the Directive for setting minimum wages, which are binding **must be explicitly defined** in Greek legislation, namely: **(a) the purchasing power of statutory minimum wages, taking into account the cost of living; (b) the general level of wages and their distribution; (c) the growth rate of wages; (d) long-term national productivity levels and developments.**

Furthermore, the **coefficients** mentioned for the automatic adjustment of the minimum wage rely on elements that **have not been processed**, but will be developed in the future by ELSTAT, putting the practical implementation of the new mechanism at risk. It is also important to consider, beyond improvements in the minimum wage relative to the average or median wage, whether the system ensures a ‘decent standard of living’ as an additional dimension in assessing its adequacy. In Greece, the digital transition and the use of artificial intelligence (AI) have not yet been integrated into the institutional social dialogue.

In addition, to accurately assess the percentage and evolution of collective bargaining coverage, Greece needs a **reliable and effective data collection and evaluation tool**—currently lacking—that includes trustworthy data on collective bargaining coverage. This need was also emphasized by the ILO during the audit of the implementation of ILC 98.

Moreover, according to **article 3 of Law 5163/2024** which transposed Directive 2022/2041 in the Greek legal order, **the scope** covers workers in the private sector and those workers in the public sector, as defined in point a of paragraph 1 of article 14 of Law 4270/2014 (A' 143), workers in listed companies of Chapter B of the Law 3429/2005 (A' 314), as well as in the societies anonymes of Law 4972/2022 (A' 181), by virtue of any contract or employment relationship or form of employment irrespective of the nature of the services provided. There is a legal concern regarding the limited scope of Law 5163/2024, which does not include provisions addressing the specific circumstances of work covered by article 2 of the Directive **and** recital 21. This omission **risks excluding numerous categories of workers**—such as domestic workers, on-demand and intermittent workers, voucher-based workers, platform workers, trainees, apprentices, other non-standard workers,

as well as bogus self-employed and undeclared workers—**from the protective institutional framework** (Scientific Service of the Hellenic Parliament, 2024, Report on the Bill transposing Directive 2022/2041).

The important issue raised by the mechanism of the new model is whether the new minimum wage setting mechanism meets the requirements of article 7 of Directive (EU) 2022/2041 where **the involvement of the social partners must be meaningful; timely and effective** in setting and updating statutory minimum wages, as well as in establishing or modifying automatic indexation mechanisms.

Already, **GSEE has expressed strong objections** about both the new automatic system of the statutory minimum wage to be implemented as of 1.1.2028, and the aforementioned two Committees. In fact, GSEE withdrew from the aforementioned Consultation Committee for setting the minimum wage for 2025–2027 (GSEE, 24 January 2025), criticizing that the approach adopted to social dialogue was that of “box-ticking” exercise. The government, they argued, “repeatedly insists that the minimum wage will reach €950 by 2027 and aims to distribute the necessary €120 increase over three years”. GSEE stressed that the process “underestimates institutions, social dialogue and workers.” It further stated that the new automated system does not meet the minimum criteria of the Directive and does not ensure consultation with the national social partners. Finally, it calls for the **return of the minimum wage through free collective bargaining**, as was the case before 2012.

On the other hand, the employers’ organizations (SEV, GSEVEE, ESEE, SETE, SVE) participate in the Consultation Committee but have not, to date, formulated a joint request to restore minimum wage setting through free collective bargaining. It is worth noting, however, that all the national social partners, **who were parties to the EGSSE for the year 2014, expressly agreed** that if any restrictive provision imposed by legislative intervention on the content of the EGSSE for the years 2010-2011-2012 be lifted, **direct negotiations would be launched to set the salary terms of the EGSSE. This agreement has been reiterated in subsequent EGSSE through a preservation clause (EGSSE 2015, 2016, 2017, 2018, 2019, 2021, 2022, 2024-2025).**

Furthermore, although this minimum wage-setting model is based on the French system, **it does not include certain labour-friendly provisions** that exist in France. For example, under the French model, the government can raise wages beyond the level determined by the regulation’s algorithm on 1 January, if the national consumer price index has increased by at least 2% compared to the index in effect when the previous minimum wage was set. The government may even grant a further increase (coup de pousse) beyond that threshold, when it deems that this can be made.

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2.

Minimum Wage Mechanism in France

Simon-Pierre Sengayrac

2.1 Mechanism for Shaping the Minimum Wage in France

The minimum wage in France is called the “salaire minimum *de croissance*” (SMIC). According to Article L.3231-2 of the French Labour Code, “The minimum growth wage ensures employees with the lowest salaries:

- 1) Have guaranteed purchasing power;
- 2) Participate in the economic development of the nation.”

The right to a minimum wage is therefore guaranteed nationally, by law and the terms for its adjustment are also fixed by law. Economic sectors or companies are prohibited from applying their own rules for increases to the SMIC¹. It therefore forms part of what is known as “social public order”: the lowest mandatory baseline of labour standards (along with working time, paid holidays, etc.). As a result, nearly 100% of workers are covered by these provisions².

Introduced in 1970, the SMIC replaced the SMIG (salaire minimum interprofessionnel *garanti*), which had been intended merely to offer a minimum wage floor to workers. Its level was set nationally, by decree, and only increased in line with inflation³, thereby excluding any mechanism for sharing the fruits of growth and preventing a catch-up effect on low wages. The switch from SMIG to SMIC occurred in 1970 to better distribute the fruits of the growth of the 30 Glorious Years.

The minimum wage in France is increased regularly through an automatic process. The amount is reviewed each year on January 1st. Any increase is calculated based on two criteria⁴:

The inflation to which 20% of households with the lowest incomes is subject. This index is weighted more heavily on the price of products that low-income households buy in greater proportion (typically food and energy).

Half of the increase of the average hourly wage of manual and clerical workers (indicator called “SHBOE”).

The first criterion preserves the purchasing power of the minimum wage, and the second criterion helps reduce the gap between the minimum wage and the average wage of lower skilled jobs.

In addition, when inflation is higher than 2% compared to the last revaluation, the SMIC is increased *within the year* this difference is observed⁵. This situation occurred several times between 2021 and 2024 (see graph below).

Finally, the government may at its discretion increase the level of the SMIC above the amount resulting from the previous provisions⁶. This policy, usually carried out by left-wing governments, is called a *boost* (“*coup de pouce*”). The last “boost”, back in 2012, was carried out by the socialist government of François Hollande⁷.

Since 2021, the minimum wage has increased by 17% thanks to nine increases, including four January 1st increases, in addition to four early increases during the year due to high inflation (October 1st 2021, May 1st and August 1st 2022, then May 1st, 2023), and a discretionary increase by the government (on November 1st 2024, anticipating the revaluation on January 1st 2025). By comparison, between the end of 2020 and the end of 2024, prices rose by 15%. Today, the hourly rate of the minimum wage after tax is 9,40EUR/hour, 1 426,30EUR/month⁸.

1 Article L.3231-3 of the French Labour Code

2 Collective bargaining and social dialogue | OECD

3 Loi n°52-834 du 18 juillet 1952 SALAIRE MINIMUM INTERPROFESSIONNEL GARANTI

4 Comment est calculé le montant du Smic ? | DARES

5 Article L.3231-5 of the French Labour Code

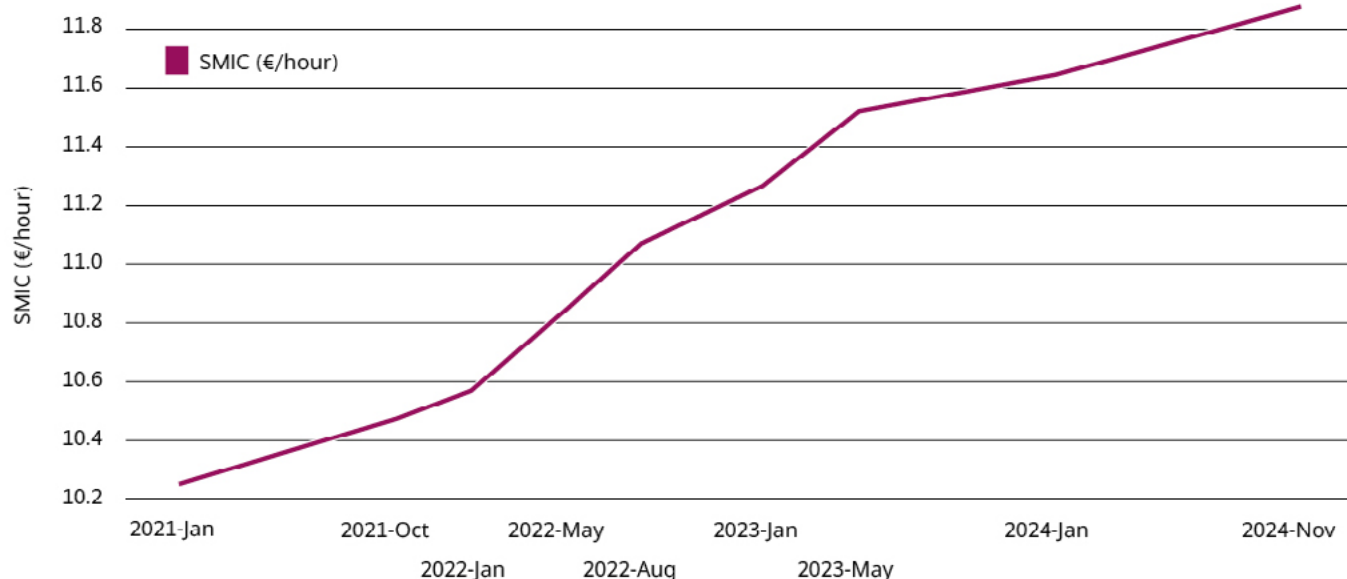
6 Article L. 3231-10 of the French Labour Code

7 When was the last time the minimum wage received a “boost”? –Liberation

8 Smic (salaire minimum de croissance) | Service-Public.fr

SMIC Revaluations in France

(Chronological Order from 2021)



Tab. 2

SMIC before and after mandatory social security contributions

SMIC	Before mandatory social contributions	After mandatory social contributions
Hourly rate	€11.88	€9.40€
Monthly rate (151h)	€1,801.80€	1,426.30€

The transposition of Article 5 of the Directive 2022/2041 saw the implementation of the following indicative reference values: 60% of the median wage, and 50% of the average wage⁹. Once every four years the government must evaluate whether the minimum wage is close to these benchmarks.

2.2 National Social Partner Perspectives in France

Since the minimum wage is based on legal provisions applicable nationally, social partners do not take part in the

reevaluation process. However, they have a leading role on the subject in the public debate. In general, the unions (CGT, CFDT, FO, etc.) regularly call for an increase, which is politically supported by the left-wing parties. Thus, the Nouveau Front Populaire platform for the 2024 legislative elections proposed such an increase to place the minimum wage at 1600 EUR/month (roughly +200 EUR/month compared to the current level). These demands for an increase are based on two arguments: the desire for a fair distribution of value, and the need for work to offer a decent standard of living. These arguments are discussed in Part 3.

On the other hand, employers' representatives (Mouvement des entreprises de France, Confédération des PME, etc.) are systematically opposed to any increase to the minimum wage, because the cost of labour is considered excessive. From a liberal perspective, their argument is that an increase of the minimum wage leads to job losses. Companies would not have sufficient margins to absorb this increase in costs. This argument is also discussed in Part 3.

This argument explains why since 1993 any increases in the minimum wage have regularly been offset by reductions in employers' social contributions. This policy has effectively led to an increase in public budgets, amounting to €75 billion in 2023¹⁰. In a way, companies have succeeded in making the community pay for the implementation and revaluations of the minimum wage.

⁹ Décret n° 2024-1065 du 26 novembre 2024 relatif aux valeurs de référence pour l'évaluation prévue à l'article 5 de la directive (UE) 2022/2041 du Parlement européen et du Conseil du 19 octobre 2022 relative à des salaires minimaux adéquats dans l'Union européenne

¹⁰ Antoine Bozio, Etienne Wasmer, *Social Contribution Exemption Policies: A Necessary Inflection*, France Stratégie, 2024

Since 2008, the government has set up a “Group of Experts on the Minimum Wage” attached to France Stratégie, the government’s research and forecasting think tank. Composed of personalities from the academic world, this group publishes an annual report to analyze the impact of the SMIC on the labour market and offer recommendations on employment policies. The social partners – through a national committee on employment¹¹ – are consulted prior to the publication of the report and are the privileged recipients of the final report. This group of experts regularly highlights the need to involve social partners more closely in the process of the minimum wage adjustment¹².

The provisions of Directive 2022/2041 about the role of social partners have yet to be implemented. The main French union, CFDT¹³, demands a greater role for social partners through the High Council for wages, employment and productivity¹⁴, recently created to find solutions to increase wages in France. It is composed of representatives of the main unions and employers organization, with experts from the public administration. Still, it is unclear what role this council will play in shaping minimum wage policies in the future.

2.3 Evaluation: Pros and Cons of the current Minimum Wage Mechanism in France

2.3.1 Pros

The minimum wage in France provides a solid foundation for fair remuneration of work. In this sense, it is an effective tool in the fight against poverty and wage inequality. As its automatic adjustment is based in part on changes in purchasing power, it guarantees that lower-skilled employees will maintain and to a certain extent improve their purchasing power. This therefore limits the phenomenon of the “working poor”: while 35% of the unemployed live in poverty, only 6% of employed workers do¹⁵. The 2022–2023 inflation episode demonstrated the robustness of the system in the face of rising costs: the standard of living of lower-skilled workers has increased over the period but that of managers and intermediate professions has fallen¹⁶.

The automatic revaluation, provided for by law, prevents external pressure (from employers’ organizations) from

decreasing the minimum wage. It also reduces inequalities between sectors. Companies facing international competition, whose labour costs are a key element for competitiveness, cannot practice “social dumping” by lowering labour remuneration below this minimum.

Moreover, the dissociation between labour bargaining and the SMIC revaluation is a strong guarantee for beneficiaries since the unionization rate in France is low¹⁷. There is no need to be a member of a union nor to work in an economic sector where unions have superior bargaining power to profit from the SMIC provisions.

2.3.2 Cons

As a result of its strengths, the SMIC is regularly attacked as contributing to the excessive cost of labour in France. It is considered responsible for the structurally high unemployment rate in France. The cost of lower-skilled labour would indeed be higher than its productivity. This phenomenon of a “poverty trap” would definitively exclude these individuals from the labour market.

Similarly, the minimum wage is often criticized of reducing France’s competitiveness, as it widens the gap in labour costs with low-wage countries. France is the country with the 4th highest average hourly labour cost in the European Union (42.7 euros).¹⁸

Moreover, the combination of minimum wage with social contribution exemptions could contribute to creating “low-wage traps”. Employers would not have an incentive to increase salaries above the minimum wage in order not to pay contributions. It is true that wage distribution in France is strongly polarized around the SMIC: in 2023, 17.3% of employees earned the SMIC¹⁹. Its level exceeds 60% of the median salary²⁰.

However, the current level of the minimum wage is still not sufficient to guarantee a comfortable standard of living. While it offers a net salary of 1426.30 EUR/month, the poverty threshold is 1216 EUR/month²¹, contributing to the idea that it is difficult to live on the minimum wage in France. This is particularly true for single-parent families, whose poverty rate reaches 31%.²²

11 Commission nationale de la négociation collective, de l’emploi et de la formation professionnelle (CNNCEFP)

12 SMIC Expert Group, *Annual Report 2024*, 2024

13 Confédération française démocratique du travail (French and democratic confederation of labor)

14 Haut Conseil des rémunérations, de l’emploi et de la productivité (HCREP) : Haut Conseil des rémunérations, de l’emploi et de la productivité (HCREP) | France Stratégie

15 The essentials on... Poverty | Insee

16 Standard of living by socio-professional category | Insee

17 10.3% of the labour force, 7.8% in the private sector (Léger repli de la syndicalisation en France entre 2013 et 2019 : dans quelles activités et pour quelles catégories de salariés | DARES)

18 Wages and labor costs in Europe - Employment, unemployment, labor income | Insee

19 SMIC Expert Group, *Annual Report 2024*, 2024

20 SMIC Expert Group, *Annual Report 2024*, 2024

21 The essentials on... Poverty | Insee

22 Ibid.

3.

The Minimum Wage Regime in Germany

Thorsten Schulten

3.1 Mechanism for Determining the Minimum Wage

After many years of controversial debates, a statutory minimum wage was introduced for the first time in Germany on 1 January 2015. Previously, minimum wages were determined exclusively by collective agreements at sector or company level. However, collective bargaining coverage had been declining steadily since the 1990s. While approximately 80% of all employees still worked in companies with collective agreements at the beginning of the 1990s, by 2024 only around one in two employees (49%) still did so. As a result, Germany saw the emergence of one of the largest low-wage sectors in Europe. Thus, the introduction of the statutory minimum wage was essentially a response to a declining bargaining coverage and the expansion of the low wage sector. (Bosch 2018, Bosch et al. 2021).

The statutory minimum wage in Germany is based on the Minimum Wage Act (Mindestlohngesetz, MiLoG) of 11 August 2014. Under this law, “every worker is entitled to receive from their employer remuneration not less than the prescribed minimum wage” (*MiLoG, Section 1*). Consequently, it is the employer’s obligation to pay the minimum wage (*MiLoG, Section 20*). There are only a very few exceptions for groups not being covered by the minimum wages such as (*MiLoG, Section 20*) ...

- vocational trainees (who are legally not considered as workers),
- those undertaking an internship as part of vocational training,
- young workers below the age of 18 who have not completed any vocational training and
- long term unemployed during the first six months of their employment

While the initial level of the minimum wage was decided by the German Parliament when it was introduced in 2015, the Minimum Wage Act stipulates that it should be regularly adjusted upon the recommendation of a national Minimum Wage Commission. The commission is made up of three representatives from employers’ associations and three representatives from the trade unions plus an independent chairperson. The latter has to be appointed on

the basis of a joint proposal of the central employers’ and trade union organizations. If both parties could not agree on a joint chairperson, the chair rotates between the chairpersons proposed by each side. In addition, there are two academic experts as advisors to the commission, who, however, have no voting rights.

In principle, decisions on adjustments to the minimum wage require a simple majority of the votes of the members of the commission. However, there is the expectation that the employers’ and trade union representatives should reach a compromise and should make a common decision. According to the recently adopted new Rules of Procedure (*Geschäftsordnung*) of the Minimum Wage Commission there are up to three votes on the decision to adjust the minimum wage (Mindestlohnkommission 2025):

- In the *first vote* the independent chair has to abstain, so that a majority can only be reached with both the employers’ and trade union representatives. If no majority is reached in the first vote, the independent chair should put forward a compromise proposal.
- The *second vote* on the independent chair’s proposal again requires a majority of the members of the commission, while the chair has again to abstain from voting.
- Only if no majority is reached in the first two votes shall a third vote be held, in which the chairperson also casts a vote..

Following the introduction of the minimum wage in 2015, all decisions of the Minimum Wage Commission were initially made unanimously. In 2023, however, there was a majority vote for the first time in which the employer representatives, together with the chairperson, voted by a majority against the votes of the trade unions.

When the Minimum Wage Commission has reached its final decision, the Federal Government may make the adjustment to the minimum wage proposed by the Minimum Wage Commission legally binding by way of a statutory instrument (*MiLoG, Section 11.1*). The government only has the option to either accept or reject the commission’s proposal. If it rejects it, there will be no minimum wage adjustment (although in practice this has not yet happened).

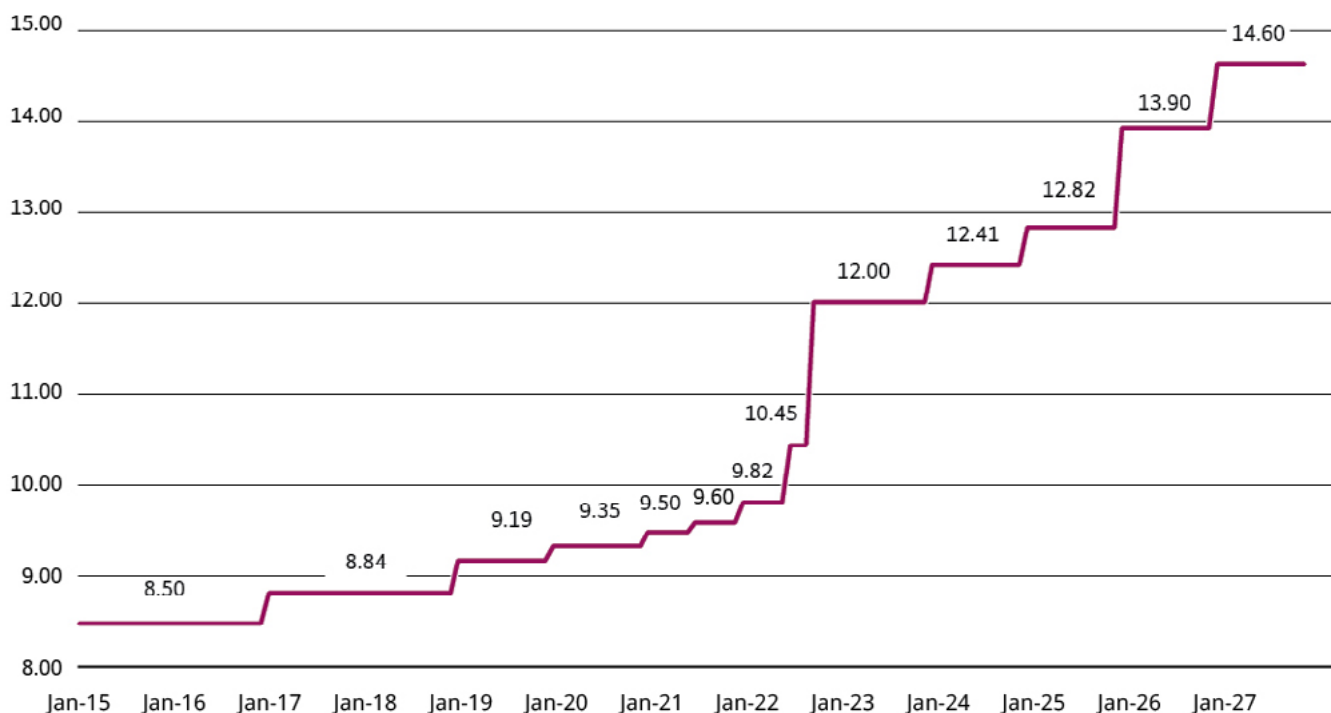
In terms of content, the Minimum Wage Commission is required to make a recommendation on adjusting the minimum wage every two years. The recommendation should be based on "an overall assessment, which amount of the minimum wage can suitably contribute to providing workers with an appropriate minimum level of protection, to enable fair and effective conditions of competition, and not to jeopardise employment." Furthermore, the

adjustment to the minimum wage should be oriented to previous wage developments concluded by collective agreements (*MiLoG, Section 9.2*). Against the background of the European Minimum Wage Directive, the Minimum Wage Commission recently extended the criteria for the adjustment within the framework of its Rules of Procedure to include the threshold value of 60% of the median wage (*Mindestlohnkommission 2025a*).

Statutory Minimum Wage in Germany 2015-2027*

In Euro per hour

Fig. 2



* 2026 and 2027: Recommendation of the German Minimum Wage Commission

Source: German Minimum Wage Commission

Since its introduction in 2015, the minimum wage has been increased a total of 11 times (*Figure 1*). While the increase was initially every two years, the minimum wage was later generally increased annually or even every six months. Within 10 years, the minimum wage increased from 8.50 euros (in January 2015) to 12.82 euros (in January 2025) representing an overall rise of almost 51 %. The most significant increase of almost 15 % took place in October 2022, when the minimum wage was raised to 12 euros per hour. Notably, this increase was exceptional in that it was not determined by the Minimum Wage Commission, but rather imposed directly by the government. On 27 June 2025, the Minimum Wage Commission published its latest recommendation, according to which the minimum wage is to be increased from the current €12.82 per hour to €13.90 from 1 January 2026 and to €14.60 from 1 January 2027 (*Mindestlohnkommission 2025b*). Over the two-year period, this represents an increase of nearly 14%.

3.2 National Social Partner Perspectives

Originally, employers' organisations and trade unions held markedly divergent positions on the statutory minimum wage. The overwhelming majority of German employers' associations opposed its introduction, regarding it as an infringement upon collective bargaining autonomy and expressing concerns about adverse effects on employment. Following a protracted internal debate, the trade unions ultimately endorsed the introduction of a statutory minimum wage, recognising that collective agreements were no longer sufficient to safeguard a large segment of employees in the low-wage sector. In the meantime, both parties, employers and trade unions, have accepted the minimum wage as an indispensable instrument for regulating the labour market. The non-materialisation of negative forecasts concerning the impact on employment has likewise contributed to the broad acceptance of the minimum wage.

Both parties support in principle the concept of the Minimum Wage Commission, which grants them significant influence over the development of the statutory minimum wage. While there is widespread support for the instrument of a minimum wage, employers and trade unions continue to hold divergent views regarding what constitutes an adequate minimum wage level. According to the employers' organisations, the existing minimum wage should be adjusted, at most, in line with the evolution of collectively agreed wages. Some segments of the employers' camp occasionally advocate a freeze of the minimum wage or call for exceptions for certain groups of employees as, for example, for seasonal workers in agriculture. In any case, they reject the idea of a 'living wage', arguing that it is the responsibility of the state, not companies, to provide an adequate income.

The trade unions also maintain that the development of the statutory minimum wage should, in principle, be aligned with the evolution of collectively agreed wages. However, they also endorse the concept of a 'living wage',

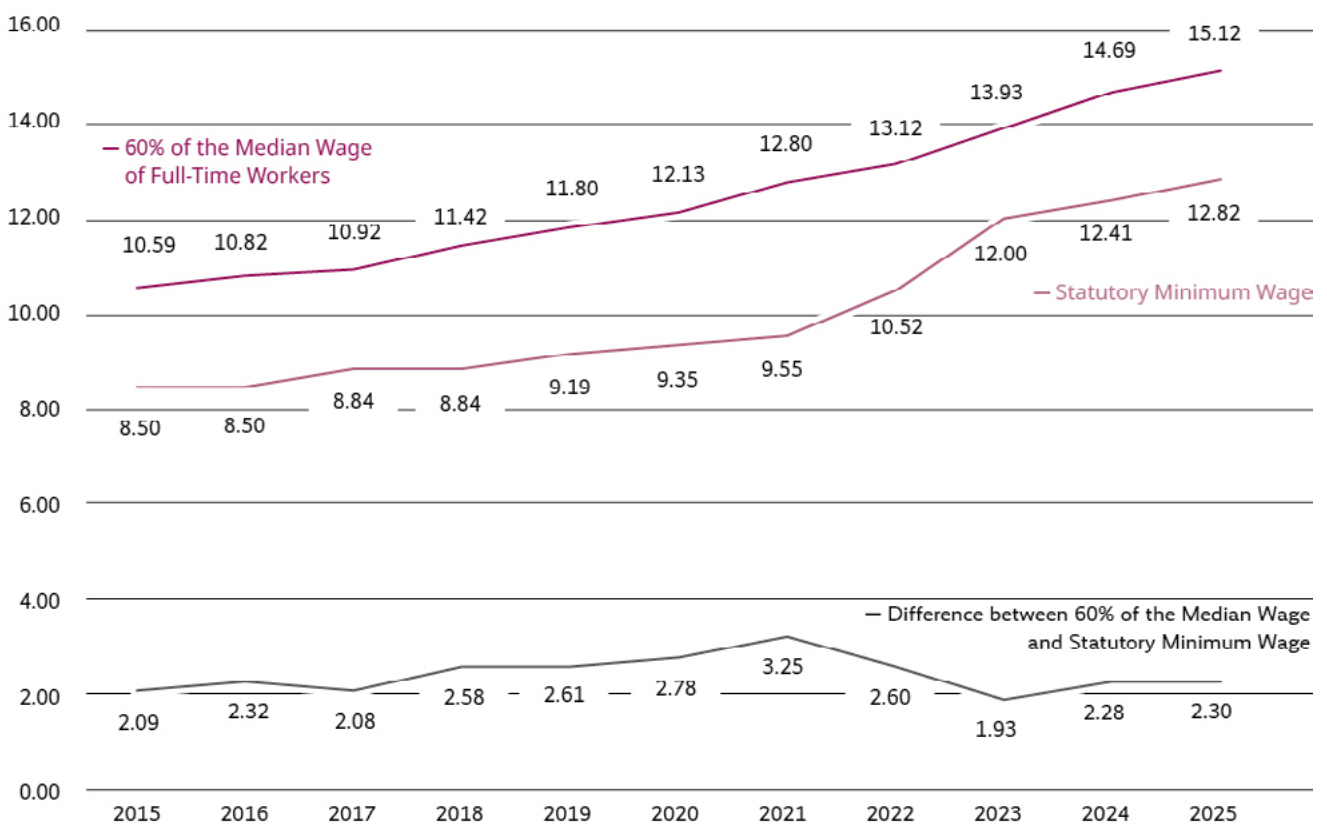
which ensures a certain socio-economic standard, enabling a full-time minimum wage earner to meet their needs without any additional state support. For this reason, from the outset trade unions have consistently criticised the statutory minimum wage as being too low, as it does not allow even full-time employees to achieve financial autonomy.

Against the background of the debate on the European Minimum Wage Directive, the German trade unions have adopted the target of 60% of the median wage as an adequate minimum wage level. In the meantime, this objective has garnered broad social support (Schulten 2024) and has even been incorporated into the coalition agreement of the current black-red federal government (CDU et al. 2025). Even the German employers' associations, which have always opposed to the European Minimum Wage Directive, have accepted the target of 60% of the median wage as a benchmark for the minimum wage within the new Rules of Procedure of the Minimum Wage Commission (Mindestlohnkommission 2025).

Fig. 3

Statutory Minimum Wage and 60 % of the Median Wage for Full-Time Workers in Germany 2015-2025

In Euro per hour



Calculation based on OECD data for the Kaitz Index of full-time employees. Extrapolated for 2024 using a 5.5% increase in hourly wages according to the national accounts of the Federal Statistical Office, and for 2025 based on the Federal Government's annual projection of 2.9% (January 2025).

Source: Lübker et al. 2025.

Considering the target of 60% of the median wage as the “new benchmark for the German minimum wage” (Lübker and Schulten 2025), the actual minimum wage has consistently remained too low, ranging between 46% and 50 % of the median wage (Lübker et al. 2025). To meet this target, the minimum wage would generally need to be at least 2 euros higher than its current level (Figure 2). At present, 60% of the median wage would correspond to a minimum wage of more than 15 euros per hour.

In its most recent decision in June 2025, the Minimum Wage Commission incorporated, for the first time, the target of 60% of the median wage. To do so, it relied on a figure for the median wage in April 2025 calculated exclusively by the German Federal Statistical Office, which was slightly lower than the corresponding OECD data. Considering the recently recommended two-step increase of the German minimum wage, the first increase to €13.90 in 2026 essentially reflects the evolution of collectively agreed wages, while the second increase to €14.60 in 2027 aligns the minimum wage with 60% of the median wage.

3.3 Evaluation: Pros and Cons of the current Minimum Wage Mechanism

The German minimum wage regime has both advantages and disadvantages. Until recently, its main shortcoming was that, although it provided a criterion for adjusting the minimum wage in line with the *evolution* of collectively agreed wages, it lacked a benchmark for ensuring an adequate *level* of the minimum wage. With the adoption of the target of 60% of the median wage, as recommended by the European Minimum Wage Directive, a criterion for the absolute minimum wage level now also exists for the first time in Germany. However, this target is not a binding value, but rather a benchmark, so that the development of the minimum wage still depends on the negotiations within the Minimum Wage Commission.

The German Minimum Wage Commission has first of all the advantage that it gives employers’ associations and trade unions considerable influence on the development of the minimum wage. This is quite significant for the principal acceptance and legitimation of the minimum wage on both sides. However, the interests of the two parties are very different, as the employers always want to keep the increase to the minimum wage as small as possible, while the trade unions want to turn the minimum wage into a real living wage.

The negotiations within the commission cannot be compared to traditional collective bargaining, as the trade unions have no real power resources, such as the possibility to strike. The Minimum Wage Commission, therefore, tends to award only moderate minimum wage increases. Demands for structural minimum wage adjustments that necessitate a higher increase usually fail due to resistance from employers. Studies on the decisions of the Minimum Wage Commission during the first ten years of the minimum wage have shown that the adjustments have scarcely gone beyond following the general wage and price trend (Lübker et al. 2025). The only structural adjustment—a nearly 15% increase in the minimum wage in 2022—resulted from a political decision for an extraordinary increase, against the resistance of employers, who accused the government of undermining the independence of the Minimum Wage Commission. The unions supported the extraordinary increase decided by the government, as such an increase could not have been achieved through the Minimum Wage Commission. However, such a “political” decision remains ambivalent even from a trade union point of view as the outcome would depend on a labour-friendly government.

For the future it remains to be seen whether the German Minimum Wage Commission will continue to use the 60% median wage target. In order to guarantee an adequate minimum wage level in future, it would be best to include this target as a legal requirement into the German Minimum Wage Act.

Legal Basis

German Minimum Wage Act (Mindestlohngesetz – MiLoG) of 11 August 2014, Federal Law Gazette I, p. 1348 (as last amended by Article 2 of the Act of 28 June 2023, Federal Law Gazette 2023 I No. 172), https://www.gesetze-im-internet.de/englisch_milog/index.html

Information on the German Minimum Wage Commission (in English): https://www.mindestlohn-kommission.de/EN/Home/home_node

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4.

A comparative overview of the new mechanism for setting the statutory minimum wage in Greece in relation to the French and German models

Athina Malagardi

4.1 A comparative overview of the new mechanism for setting the statutory minimum wage in Greece in relation to the French and German models

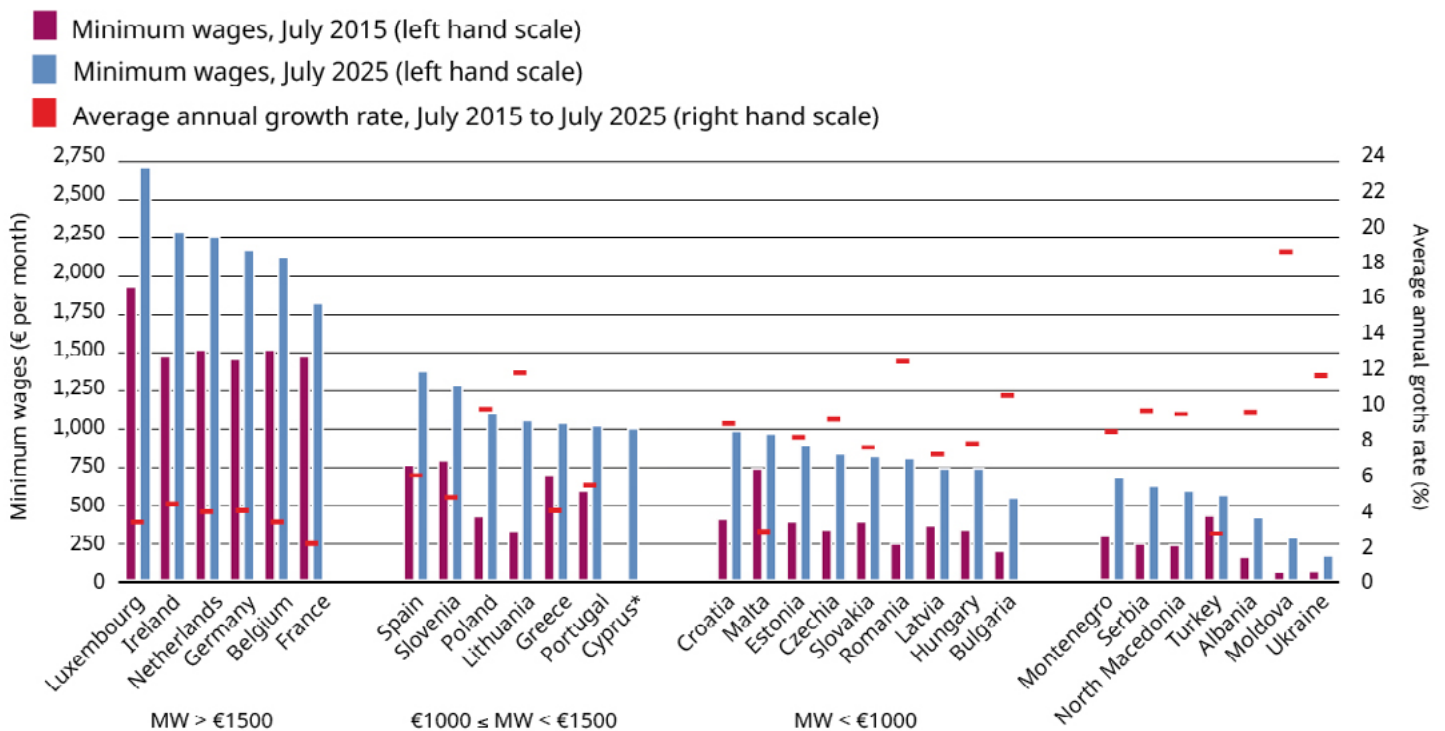
The present FES project analysed the system of setting the minimum wage in Germany, France and Greece, all of which fall into the category of countries that determine the minimum wage by law. In the EU, 22 out of 27 Member

States have a statutory minimum wage, while 5 Member States (Denmark, Sweden, Finland, Austria and Italy) regulate the minimum wage at a sectoral level, mainly through free collective bargaining. In all EU countries (Eurofound, minimum wages in 2025: Annual Review) statutory minimum wages saw significant increases in 2024, ranging from +23% in Romania to 6% in Greece and 2% in France.

Fig. 4

Minimum wages, July 2025 and July 2015

(levels, in € per month and average annual growth, in %)



Note: Denmark, Italy, Austria, Finland and Sweden have no national minimum wage.

(*) July 2015 and average annual rate of change not available

Source: Eurostat (online data code: earn_mw_cur)

In **Germany**, the statutory minimum wage was introduced for the first time on 1 January 2015; until then, minimum wages were determined through collective agreements at the sectoral and company levels. While in the 1990s collective bargaining coverage was around 80%, by 2024 only 49% of workers were covered by collective labour agreements (IAB Betriebspanel). The legal basis for the statutory minimum wage in Germany is the Minimum Wage Act (*Mindestlohngesetz, MiLoG*) of 11 August 2014, which stipulates in Section 1 that “every worker is entitled to receive from their employer remuneration not less than the prescribed minimum wage.” Under this law, it is the employer’s duty to pay the minimum wage (MiLoG, Section 20). There are only a few exceptions for groups not covered by the minimum wage (MiLoG, Section 20), such as vocational trainees, persons undertaking an internship as part of vocational training, young workers under the age of 18 who have not completed any vocational training, and long-term unemployed persons during the first six months of their employment.

The statutory minimum wage is fixed by the Ministry of Labour and Social Affairs (BMAS) every two years, following a proposal from the Minimum Wage Commission, which is appointed every five years. Until 2023, the Commission consisted of representatives of the social partners—three workers’ representatives and three employers’ representatives—and reached its decisions unanimously. Since 2023, it has been composed of representatives of the social partners—three representing workers and three representing employers—along with an independent third party member with voting rights, jointly selected by the social partners. This independent member casts a deciding vote only if the employers and workers fail to reach an agreement. According to the recently adopted Rules of Procedure (*Geschäftsordnung*) of the Minimum Wage Commission, there may be up to three votes when deciding on the minimum wage adjustment (Mindestlohnkommission, 2025): In the first vote, the independent member must abstain, meaning that a majority can only be reached through agreement between the employer and trade union representatives. If the first vote does not result in a majority, the independent member must develop a compromise proposal. The second vote on the independent member’s proposal again requires a majority of committee members, with the independent member once more abstaining from voting. Only if the first two votes fail to reach a majority will a third vote take place, in which the independent member is allowed to vote.

This Commission makes recommendations for setting the minimum wage every two years, based on a comprehensive assessment of its impact, using a wide range of statistical data and criteria established by law. The Commission then submits its final decision to the government, which shall adjust the minimum wage accordingly. The government may either accept or reject the Commission’s decision **but**

is not permitted to modify or set a different amount. If the government refuses, the minimum wage remains unchanged; however, this has not occurred to date. Recently, following Directive 2022/2041, the Minimum Wage Commission introduced an additional criterion for determining the minimum wage, taking into account 60% of the median salary (Mindestlohnkommission, 2025a). Over the ten-year period from 2015 to 2025, the minimum wage has increased 11 times, totalling a 51% rise. In Germany, therefore, agreement between the social partners is essential, and social dialogue is crucial, as the Commission’s decision ultimately determines the minimum wage. In contrast, in Greece, regardless of the positions of the social partners participating in the Consultation Committee, the government sets the minimum wage, with the Consultation Outcome merely taken into account and subject to modification without justification. It should be noted that in Germany, micro-enterprises (0–9 employees) employ **20.3%** of workers, while **enterprises with over 250 employees employ 41.6%** (European Commission, 2024, SME Performance Review, Germany Country Sheet). Its GDP for 2024 was €4,305 billion, with a growth rate of -0.24%, while unemployment stood at 5.9% (Eurostat).

Greece is set to define the new minimum wage model to be implemented from 1 January 2028, as outlined by the Scientific Committee on the Transposition of Directive 2022/2041 in its Findings (Findings of the Scientific Committee for the Transposition of EU Directive 2022/2041 on Adequate Minimum Wages in the EU and Ratification of ILC 131, p. 38), which it is basing on the French example/model for the automatic regulation of the minimum wage (*salaire minimum interprofessionnel de croissance, SMIC*) established in 1970. In **France**, the statutory minimum wage (SMIC) is established in the Labour Code (*Code du travail*) and is set by the government, following the opinion of the tripartite National Committee on Collective Bargaining (*Commission nationale de la négociation collective, de l’emploi et de la formation professionnelle, CNNCEFP*, L. 2-1 2009-2272-2271) and the (non-binding) Annual Report prepared by the Group of Experts on the Annual Minimum Wage. The Group, initially established in 2009, consists of five experts. The Report is published on the website of the Ministry of Finance. The involvement of the social partners is limited to participation in the CNNCEFP (Eurofound (2020), Minimum wages in 2020: Annual Review, p. 31).

Its rules of operation are explicitly and clearly defined in the Labour Code. The two criteria used to shape it are: a. inflation to which 20% of households with lower incomes (usually food and energy) are exposed, and b. half of the increase in average hourly wages of workers in manual and clerical work (an indicator called SHBOE). The first criterion preserves the purchasing power of the minimum wage, while the second criterion helps to reduce the difference between the minimum wage and the average salary of the lower skilled jobs. In addition to regular

adjustments to the minimum wage, *if inflation exceeds 2% compared to the last revaluation, an additional automatic adjustment is triggered*, and the minimum wage is increased within the same year of the observed difference — a mechanism not provided for in Greece’s new model. From the end of 2020 to 2024 (1 January 2021 to 1 November 2024), the minimum wage in France increased 9 times. Finally, the French government may, at its discretion or after consulting the CNNCEFP, raise the minimum wage level (coup de pouce) at any time beyond the amount resulting from the automatic adjustment on 1 January or the automatic increase triggered when the national consumer price index rises by at least 2% — a mechanism that is also not foreseen in Greece’s new legislative framework.

Therefore, it is important to thoroughly examine and critically assess the relevance of the French institutional framework for the Greek context — taking into account Greece’s social needs, economic conditions, and the practical aspects of implementation — as well as to monitor the various economic and social parameters influencing the application of this model and its potential adjustments (see criticism on adopting the French model by GNHCR, 2024 and by the Scientific Service of the Hellenic Parliament, 2024, in the Report on the transposition of Directive 2022/2041). From the presentation of the French model of minimum wage regulation in this FES project, it emerges that the two countries differ in: **a. the structure and dynamics of their labour markets, b. their economic conditions and social needs, and c. the extent and environment of coverage by collective labour agreements.**

More specifically, in terms of labour market structure, **Greece is dominated by micro-enterprises with 94.7% of all businesses having fewer than 10 employees** (European Commission, 2024, SME Performance Review, Greece Country Sheet), which employ **48.6% of private-sector workers, while large enterprises with more than 250 employees account for only 15.4% of employment**. In France, micro enterprises employ **24.5% of workers, while enterprises with over 250 employees employ 47.3%** (European Commission, 2024, SME Performance Review, France Country Sheet). In addition, the two countries face very different economic conditions, with France recording a GDP of €2,917 billion in 2024 compared to Greece’s €201.5 billion, and **unemployment rates of 9.5% in Greece in 2024, falling to 9% by March 2025. In France, unemployment reached 7.4% in 2024 and 7.3% in May 2025, the lowest rate in the last 40 years** (EUROSTAT, 2 May 2025). Furthermore, in **France, coverage by collective agreements is 98% (OECD, April 2023 for the year 2018), while in Greece coverage is below 20% (OECD, April 2023 and ECB, June 11, 2025)**. France for the year 2024 had a minimum gross wage before taxes of 1.801.80EUR/month, while Greece had a gross minimum wage of 830 EUR/month, i.e. a minimum wage below half the salary of

France. Therefore, in France the minimum wage is more than double that of Greece and concerns 17.3% of workers who are not covered by collective labour agreements, while in Greece due to the reduced coverage rate by a Collective Labour Agreement it concerns a higher percentage of workers, as presented above.

It is therefore noteworthy that, in France, the algorithmic coefficient determines **the minimum increase, while the legislator retains the discretion to grant a higher increase** (article Law 3231-10 of the Code du travail, G. Bargain, *Le salaire minimum adéquat*, RdT 2023, p. 408. and Th. Pasquier, *Le salaire minimum en droit français, une institution en quête d’avenir*, in *Le salaire minimum pour l’Europe*, Dalloz 2023, p. 117 et seq.), which is not the case under the new system in Greece.

As mentioned, each year an annual report is drawn up by the Groupe d’experts SMIC, (Rapport Manuel du groupe d’experts SMIC, December 2024) on the effect of the minimum wage on the French economy. It is worth noting that this group has repeatedly **emphasized the need for the national social partners to be involved in the regulating process, which France is preparing to implement under the new Directive 2022/2041.**

4.2 Conclusions on the basis of the comparative overview

The French model, with its algorithm, offers valuable lessons; however, **its immediate application in Greece would require adaptations** that take into account the country’s economic and social conditions, the specific dynamics of its labour market, and the need to respect collective autonomy and the value of social dialogue. Furthermore, in adopting this model Greece did not include certain labour-friendly provisions that exist in France. Under the French model, the government can raise wages beyond the level determined by the mechanism’s algorithm on 1 January, if the national consumer price index has increased by at least 2% compared to the index in effect when the previous minimum wage was set. The government may even grant a further increase (coup de pouce) beyond that threshold, when it deems that this can be made. In addition, the limited involvement of the national social partners in the process of setting the minimum wage in France is now being revised, with plans for them to take a more active role, following repeated recommendations by the Groupe d’experts SMIC

A **hybrid model** combining an algorithmic mechanism with strengthened free collective bargaining by the national social partners (GSEE, SEV, GSEVEE, ESEE, SETE, SEVE), alongside measures to support micro, small and medium-sized enterprises and to combat undeclared work, **could offer a sustainable approach for the future**. The 4 criteria set out in Directive 2022/2041 could serve **as the basis for**

discussion in free collective bargaining between the national social partners, who could then, through an agreement in the form of an EGSSE, determine the minimum wage.

Of particular interest, however, is **the German model** where the role of the social partners in determining the minimum wage is of paramount importance. Its determination is the result of substantive social dialogue within the Minimum Wage Commission, which consists of three representatives of workers, three representatives of employers, and an independent third member with voting rights. The government then either accepts or rejects the Commission's decision, but under no circumstances can the government modify it. The minimum wage is not the product of an automated coefficient or algorithm, the process is more in line with Greece's historical tradition of respecting collective autonomy. The new additional criterion introduced by the German Minimum Wage Commission—taking into account 60% of the median wage—is also important as a basis for discussion in its determination by the social partners. Alternatively, **Germany serves as a good example**, as the statutory minimum wage stems from the Minimum Wage Commission's decision—reached either by agreement between the social partners or by majority vote in the absence of agreement—which now includes the 60% median wage criterion, and which the government ratifies and implements **without further intervention, respecting the social partners' decision**.

Finally, for Greece, it is essential to link an integrated employment strategy—supporting a new production model—to the institutions of industrial relations, such as free collective bargaining, based on principles established by international labour standards, the EU acquis, and the international conventions ratified by our country with the ILO (ILC 87/1948, ILC 98/1949, ILC 154/1981, ILC 144/1976, ILC 131/1970, noting that ILC 131/1970 on setting the minimum wage has not yet been ratified, even though it could be ratified immediately). The minimum wage should, in any case, guarantee a decent standard of living, contribute to reducing poverty at the national level, and support domestic demand and purchasing power. It should also strengthen work incentives, reduce wage inequalities and the gender pay gap, and alleviate worker poverty, all while respecting collective autonomy and promoting social dialogue.

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Comparative Review Table Greece-France-Germany

	Current minimum wage rate (2024)	Increase of the MWR 2021-2024	Mechanism of minimum wage after the 2021/2044 EU Directive	Consultation of the Social Partners in the mechanism system (yes / no)	Collective bargaining coverage	Unemployment rate 2024	GDP	GDP Growth 2024
Greece	Before tax: 830€/month After tax: 706€/month	+27.69%	From 01.01.2028 automatic settlement by an algorithm	At the transition period yes, but from 1.1.2028 the algorithm will be applied	14.2% (OECD, April 2023 for year 2017)19.3% (ECB, Q1, 2025)	9.5% (ELSTAT 2024, Q4)	€201.5 billion (ELSTAT, 2024)	2.3%
France	Before tax: 11.88€/h – 1801.80€/month After tax: 9.40€/h – 1426.30€/month	+17%	Indicative reference values: 60% of the median wage, and 50% of the average wage	No	Regular calls for a “boost” by the French unions. Lobbying by employers’ organizations to reduce their social contributions.98% (OECD, April 2023 for year 2018)	7.4%	€2917 billion (2024)	+1.1%
Germany	12.82€/hour (since 01.01.2025)	From 9.55€ (Jan 2021) to 12.82€ (Jan 2025) = +35%	Minimum Wage Commission decided to consider 60% of the median wage as one criterion (among others) for adjustment of the minimum wage	Minimum Wage Commission composed of three representatives each from employers and trade unions plus one independent chair	According to IAB Establishment Panel Data (2024): only 24% of establishments are covered by collective agreements; 49% of workers are hired in establishments with a collective agreement.54% (OECD, April 2023 for year 2018)	5.9% (Eurostat definition) 6.0% (German Federal Employment Agency)	€4,305 billion (2024)	-0.2% (2024)

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The Minimum Wage in Greece, France and Germany

This study examines in depth the minimum wage as an institution of social protection and economic policy, focusing on three European countries: Greece, France, and Germany. It begins with the Greek case, tracing the evolution from the previous system of collective bargaining to the establishment of the “statutory minimum wage” and the recent reform under Law 5163/2024, which incorporates

Directive (EU) 2022/2041 and highlights the role of social partners. Next, the French model (SMIC) is examined, characterized by automatic and regular adjustments, a close link with inflation and the average wage, as well as ongoing debates about its cost and effectiveness in combating poverty. This is followed by the German experience, where the operation of the Independent

Minimum Wage Commission reflects a different approach to social dialogue and the balancing of economic competitiveness with social protection. The study concludes with a comparative overview of the three models, highlighting the common features, divergences, and prospects for improving the Greek model.

Further information on this topic can be found here:

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