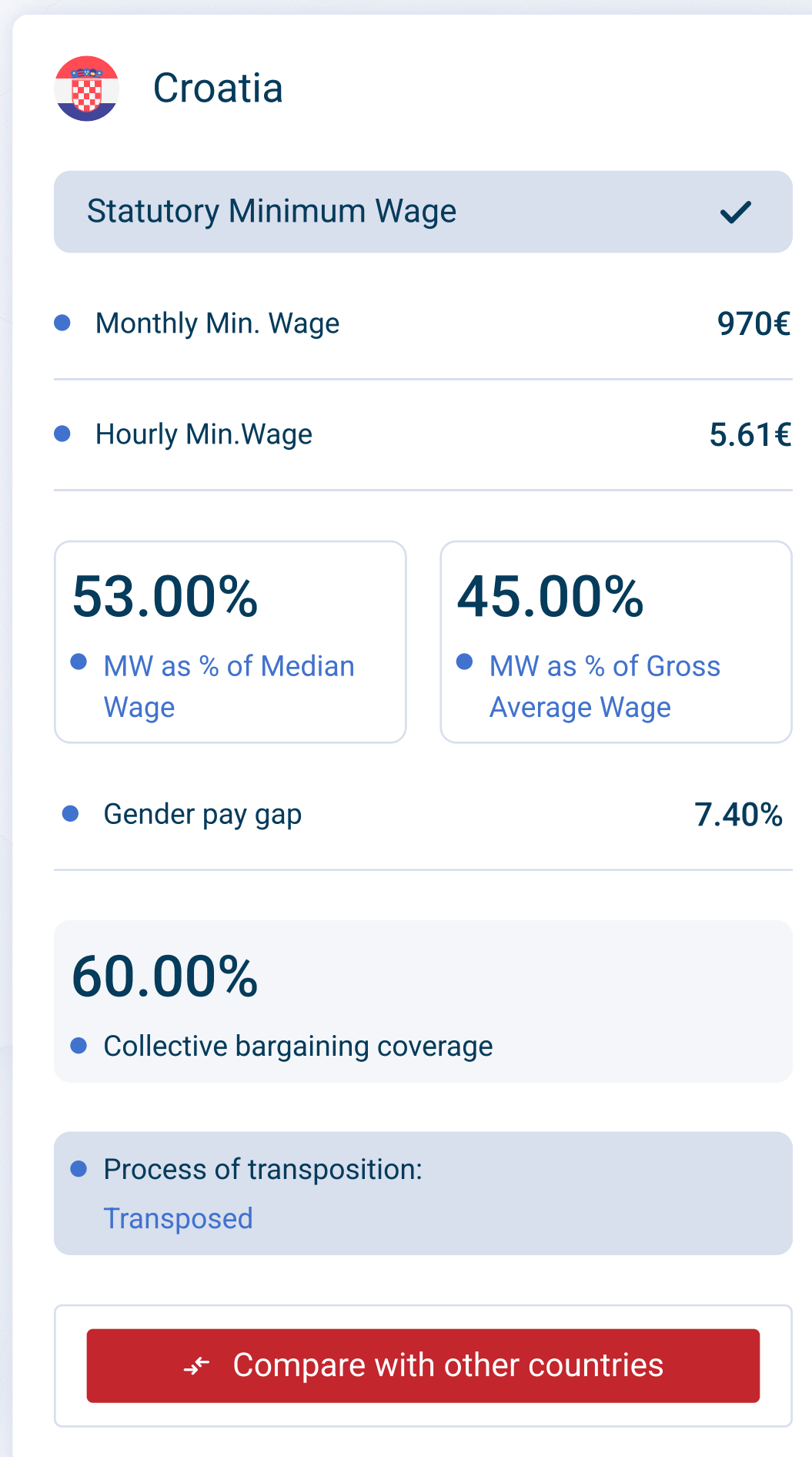


Minimum Wage & Collective Bargaining in Croatia 2025

Latest update on 05/05/2025

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Minimum wage system in Croatia

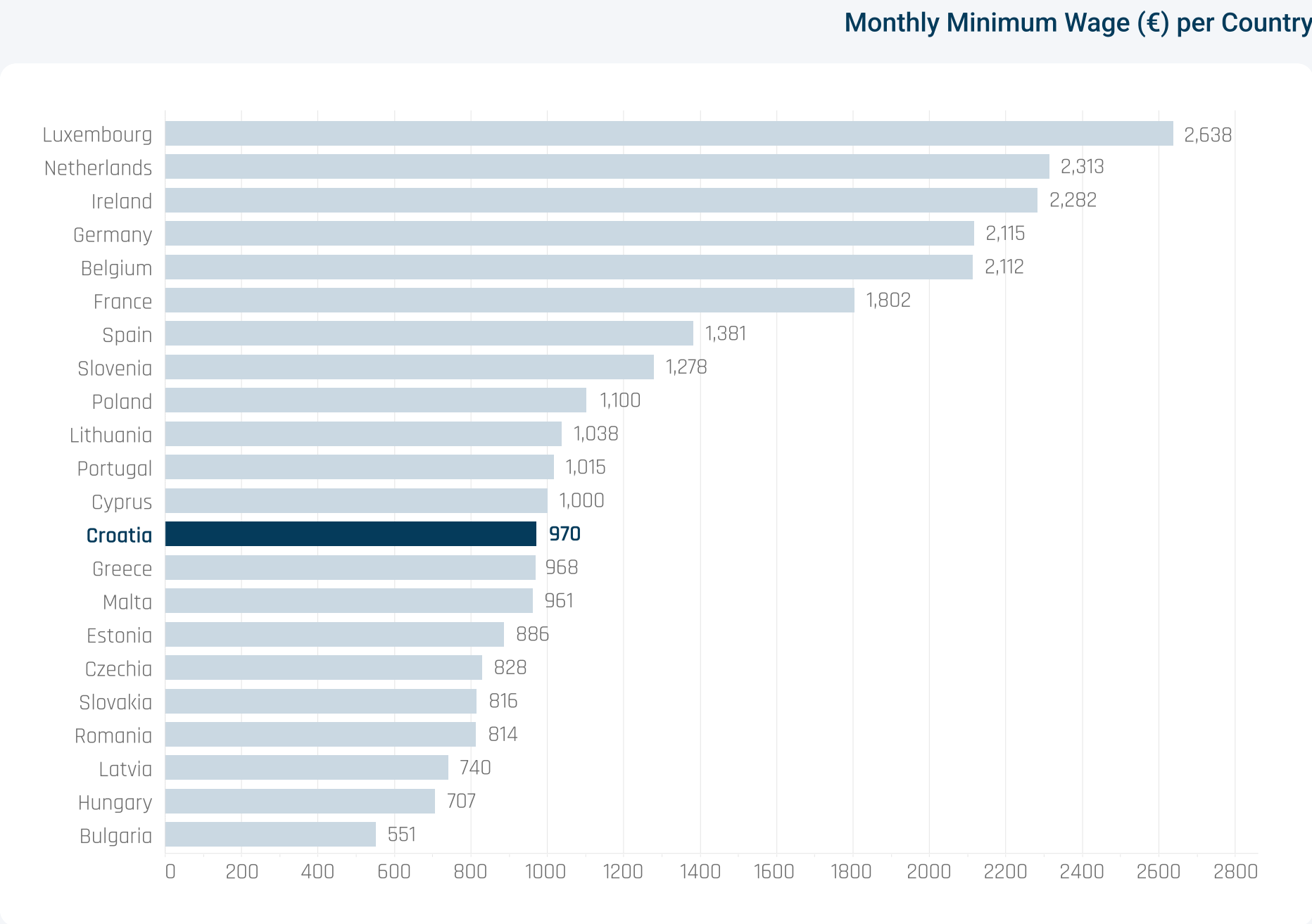
The legal regulation of the minimum wage in Croatia was introduced in mid-2008 with the adoption of the first Minimum Wage Act. Before the enactment of this law, however, there was already a binding regulation on the minimum wage for all employers, derived from the extended application of a national collective agreement on the minimum wage.

This agreement was signed in March 1998 by the Government, a small and relatively insignificant association of small and medium-sized employers, and two trade union confederations. The minimum wage stipulated by this collective agreement was set at an extremely low level, ranging between 32 and 35 per cent of the average wage during its implementation. Since 2003, an automatic adjustment mechanism has been in place, setting the minimum wage at 35 per cent of the average wage during the first eight months of the previous year. In response to these low levels, trade unions later called for a statutory minimum wage, which was implemented in 2008.

Since then, the minimum wage regulations have been amended five times, with two entirely new laws (adopted in 2013 and 2018). The latest version of the Minimum Wage Act underwent minor revisions in 2021 and late 2024. The last update was connected with the transposition of the EU Directive on adequate minimum wages.

The law specifies that the minimum wage shall be the lowest monthly wage for full-time work (40 hours a week). It is reduced proportionately for part-time work. The minimum wage is defined as the basic salary, meaning that it is subject to increases for overtime, night shifts, work on Sundays and public holidays, and special working conditions specified in collective agreements or workplace regulations. The statutory minimum wage applies to all employees in Croatia, except for the self-employed. A separate law mandates that the minimum wage also applies to students working under special student contracts.

The government determines the minimum wage level by decree, based on a proposal from the Labour Minister, following consultations with social partners and labor market experts within a permanent advisory commission. The minimum wage is set annually, with a decision made by the end of October for the following year. The law stipulates that the minimum wage cannot be lower than in the previous period. When determining the minimum wage, the government considers various factors, including the ratio of the minimum wage to the average gross wage, inflation, general wage trends, employment and unemployment rates, demographic trends, productivity and the overall economic situation.



<div>Statutory Minimum Wage</div> <div>Yes</div>	<div>Wage inequality (inter-decile Ratio P90/P10)</div> <div>4.80</div>	<div>Gender Pay Gap</div> <div>7.40%</div>
<div>Hourly Minimum Wage</div> <div>5.61€/hour</div>	<div>Nominal Growth rate of Wages</div> <div>15.50%</div>	<div>In-work poverty rate</div> <div>6.00%</div>
<div>Monthly Minimum Wage</div> <div>970.00€/ month</div>	<div>Real Growth rate of wages</div> <div>11.00%</div>	<div>% of workers covered by minimum wage</div> <div>5.00%</div>



Minimum wage system in Croatia

It is worth noting that the lowest wage determined by a sectoral collective agreement, extended to all workers and employees in the relevant sector, is also considered a minimum wage. This provision makes labour inspections obligatory to monitor compliance with both the statutory minimum wage and the minimum wages set by sectoral collective agreements.

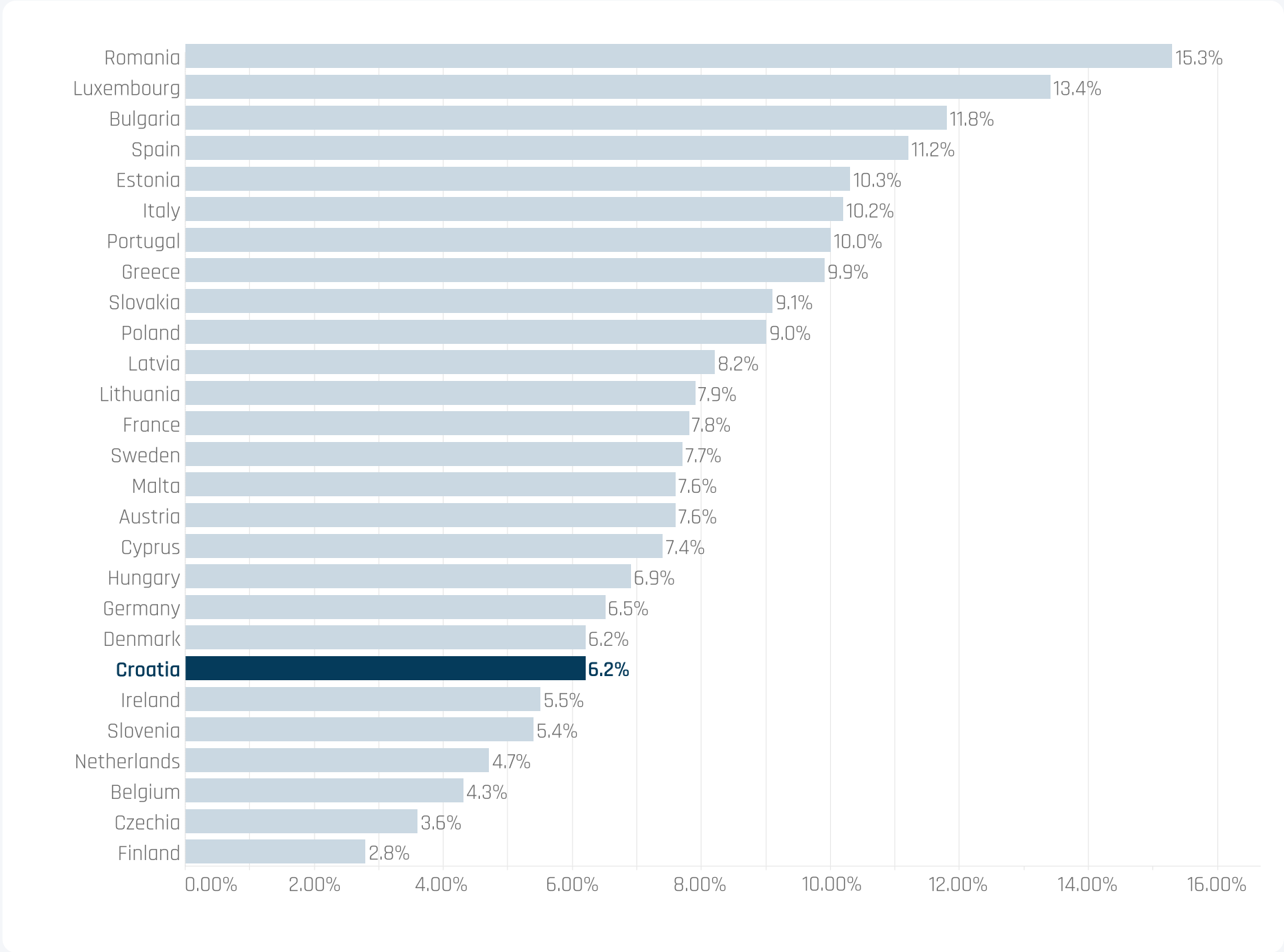
While in 2024 the gross minimum wage was €840, in 2025 the government increased the minimum wage by 15.5 per cent to €970. Following the adoption of the EU Directive on adequate minimum wages, the government explicitly refers to the Directive’s double ‘decency threshold’ of 60 per cent of the median and 50 per cent of the average wage when setting the level of the minimum wage,

but relying on the most recent historical data on the level of wages without projections of general wage trends in the labor market. As a consequence, the minimum wage is de facto below 60 per cent of the median and 50 per cent of the average wage.

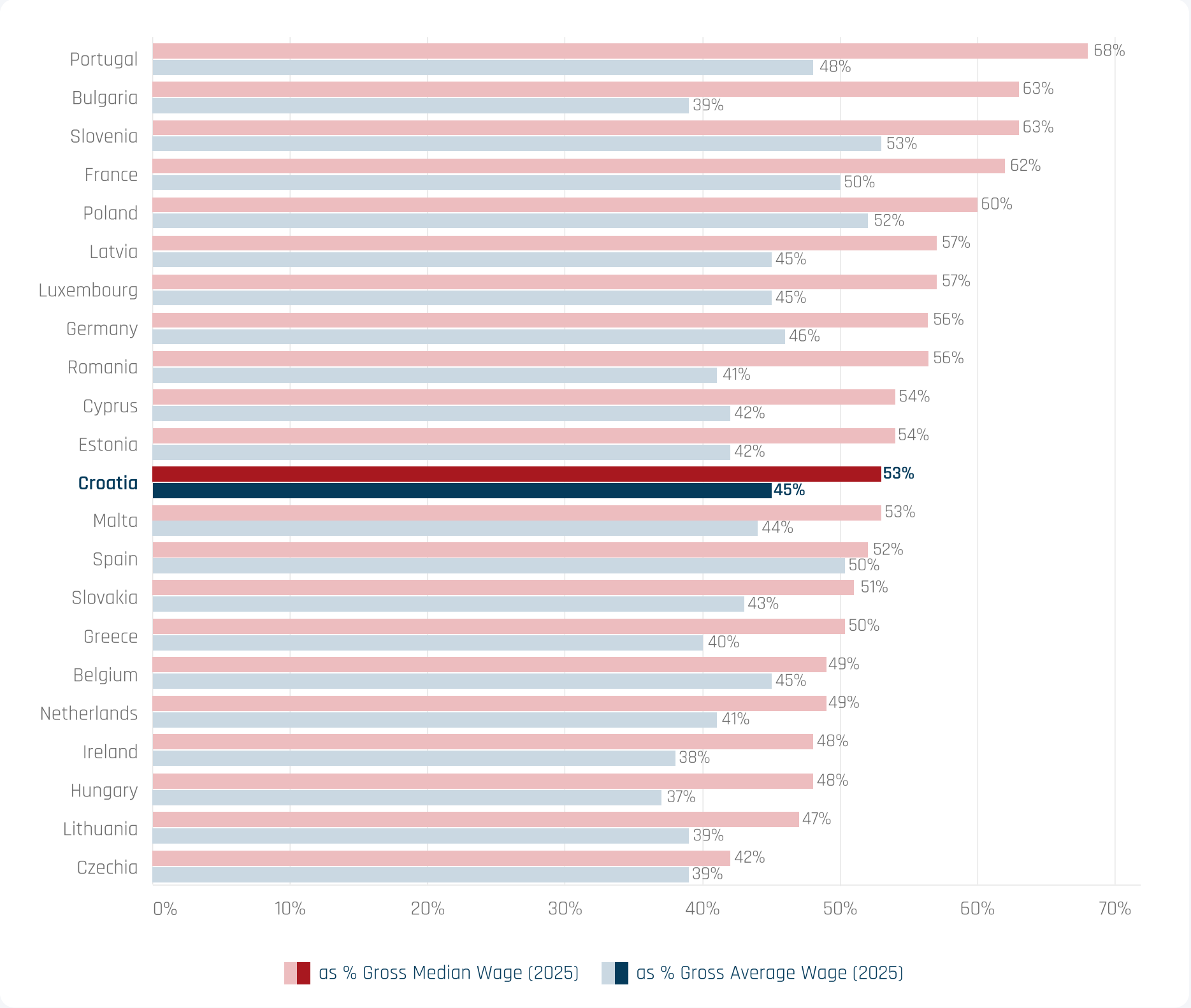
Until the most recent amendments in late 2024, it was possible for negotiated minimum wages to be up to 5 per cent lower than the statutory minimum wage. However, this provision was abolished in the latest legislative changes, which took effect at the beginning of 2025.

After a period during which the ratio of the minimum wage to the average wage remained low (up to 35 per cent), different governments (center-left and center-right) adopted a policy of gradual relative increases in the minimum wage, starting in 2013. This brought the ratio closer to 40 per cent. A significant rise in the relative level of the minimum wage occurred in 2019. Over the past five years, the relative level of the minimum wage has been stable. Between early 2020 and late 2024, the minimum wage averaged around 45 per cent of the average gross wage (ranging from 44.2 per cent in 2023 to 46.3 per cent in 2024) and 55 per cent of the median gross wage (ranging from 50.9 per cent in October 2023 to 57.5 per cent in March 2024).

In-work poverty rate (%) per Country



Minimum Wage as % of Gross Median and Gross Average Wage per Country





Collective Bargaining system in Croatia

Collective bargaining in Croatia is regulated by the [Labour Act](#) and partly by the [Act on Representativeness of Employers' Associations and Trade Unions](#). According to the Labour Act, collective agreements shall be signed between trade unions and individual employers or employers' associations, thereby legitimising both enterprise-level and sectoral collective agreements. Collective agreements can be concluded for a fixed term of up to five years or an indefinite period. The Labor Minister can extend the application of a collective agreement to all employers and employees in a specific industry if the agreement is signed between representative trade unions and an employers' association, provided both parties request the extension and after a public interest test has been conducted. The law also stipulates that the provisions of a collective agreement shall remain in effect for three months after its expiry unless a new agreement is concluded earlier. Collective agreements may stipulate a longer extension period.

Employers are generally obliged to enter into collective bargaining with trade unions. Refusal to negotiate is considered a lawful basis for initiating a strike. The Labour Act provides several incentives for employers to conclude collective agreements, such as allowing a higher overtime limit than the statutory maximum, enabling more flexible working time arrangements and extending the duration of fixed-term employment contracts. However, the current public procurement legislation does not allow for preferential treatment of bidders who apply collective agreements, though discussions are ongoing about introducing such clauses as part of an action plan to increase worker coverage by collective agreements in line with the EU Directive on adequate minimum wages.

All workers in Croatia, except active military personnel, have the right to union membership and collective bargaining. The right to strike is further restricted for some groups of workers in sensitive public services (such as health care) and public administration (for example, the police). Employers are prohibited from discriminating against or treating workers unfairly because of union membership. Union representatives have the right to promote the rights and interests of union members with employers, and employers must allow appropriate activities and access to necessary data for this purpose.

Employers cannot dismiss union representatives or otherwise put them at a disadvantage during their mandate or six months thereafter without the union's consent.

Given the existence of union pluralism and competition in many cases, rules on trade union representativeness for collective bargaining purposes have been established to address situations in which multiple unions operate at the level of bargaining. If unions fail to agree on the composition of their bargaining committee, an independent commission shall determine which unions have the right to represent all workers based on their share of unionised workers. The Representativeness Act stipulates that unions representing at least 20 per cent of unionised workers shall be eligible for collective bargaining. A union not involved in bargaining can initiate a new process to determine representativeness at any time. If the list of representative unions changes, the process of negotiating a new collective agreement must begin, which affects the predictability of a collective agreement's duration.

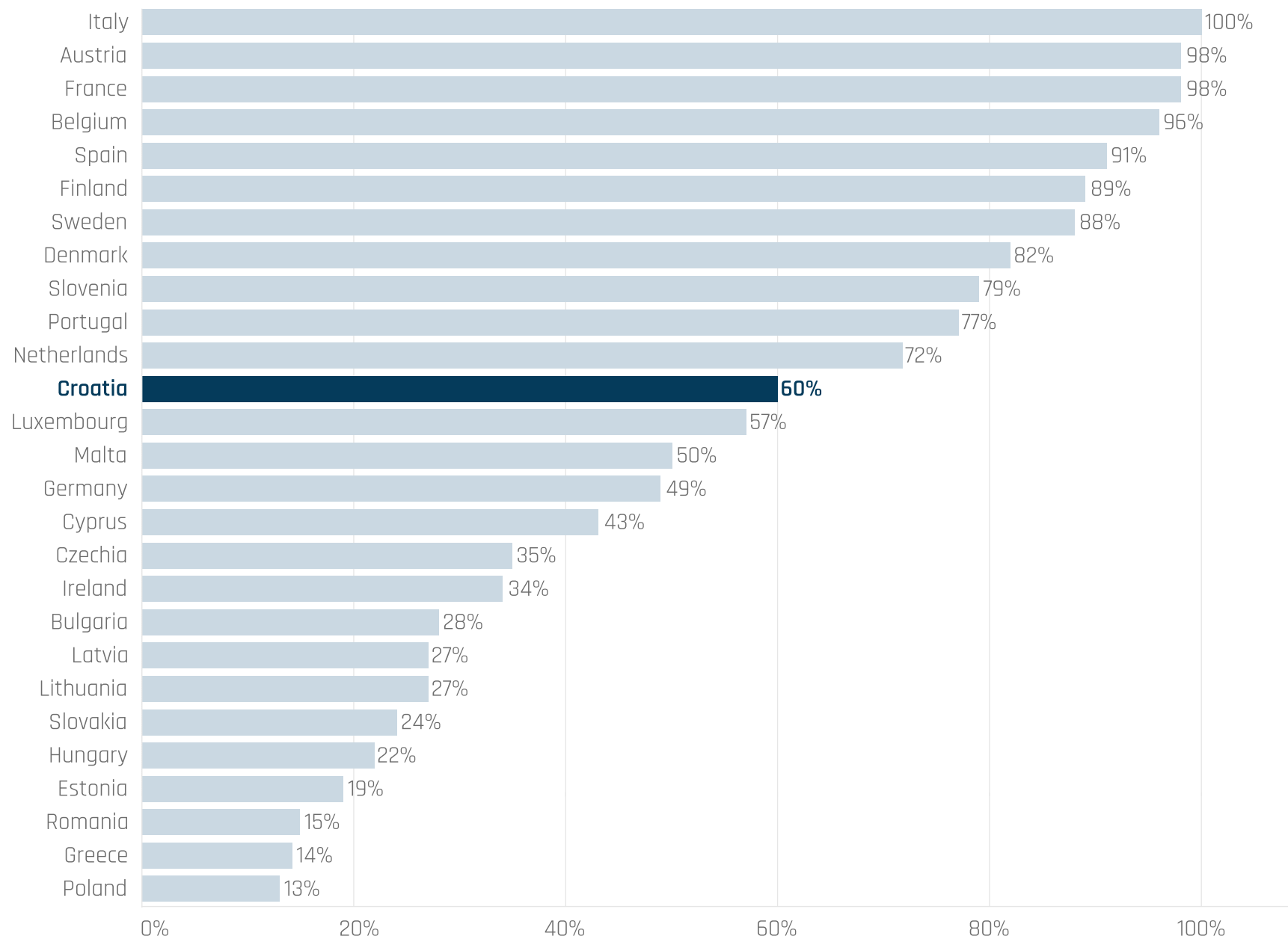
Collective Bargaining Coverage
60.00%

Trade Union Density
20.80%

Financial incentives for union members
No

Valididy of Collective Agreements after expirations?
Yes

Collective Bargaining Coverage per Country (%)





Collective Bargaining system in Croatia

There is no unified system of collective bargaining in Croatia, and practices vary significantly depending on type of ownership, sector and employer characteristics. Four distinct patterns of collective bargaining practices can be identified:

(i) public sector multi-level bargaining:

Around 250,000 employees whose salaries are financed from the national budget are fully covered by collective agreements. Wage negotiations occur annually for the upcoming calendar year, while basic collective agreements are signed for four-year periods to regulate working conditions and other material rights. Basic rights and wages are negotiated jointly for all public service employees, with additional sectoral agreements addressing specific working conditions and allowances. This system is characterised by a two-tier bargaining structure, with multi-sectoral negotiations for wages, material rights and working conditions, alongside sectoral negotiations for specific issues.

(ii) Sectoral and enterprise bargaining in the private sector:

In certain sectors established practices of sectoral bargaining exist between representative unions and employers' associations, complemented by enterprise-level agreements in some cases. Typical examples include construction and tourism. Sectoral agreements set minimum wages at the level of job complexity groups, material rights and working conditions. Such practices are encountered in only five or six sectors. This pattern is significant for the overall coverage of workers by collective agreements in Croatia because it involves agreements whose application can be extended to all employers and employees within the sector. Currently, four sectoral agreements (construction, tourism, wood industry, and retail) have extended application, covering approximately 520,000 workers (about 34 per cent of the workforce).

(iii) Enterprise-level routine bargaining:

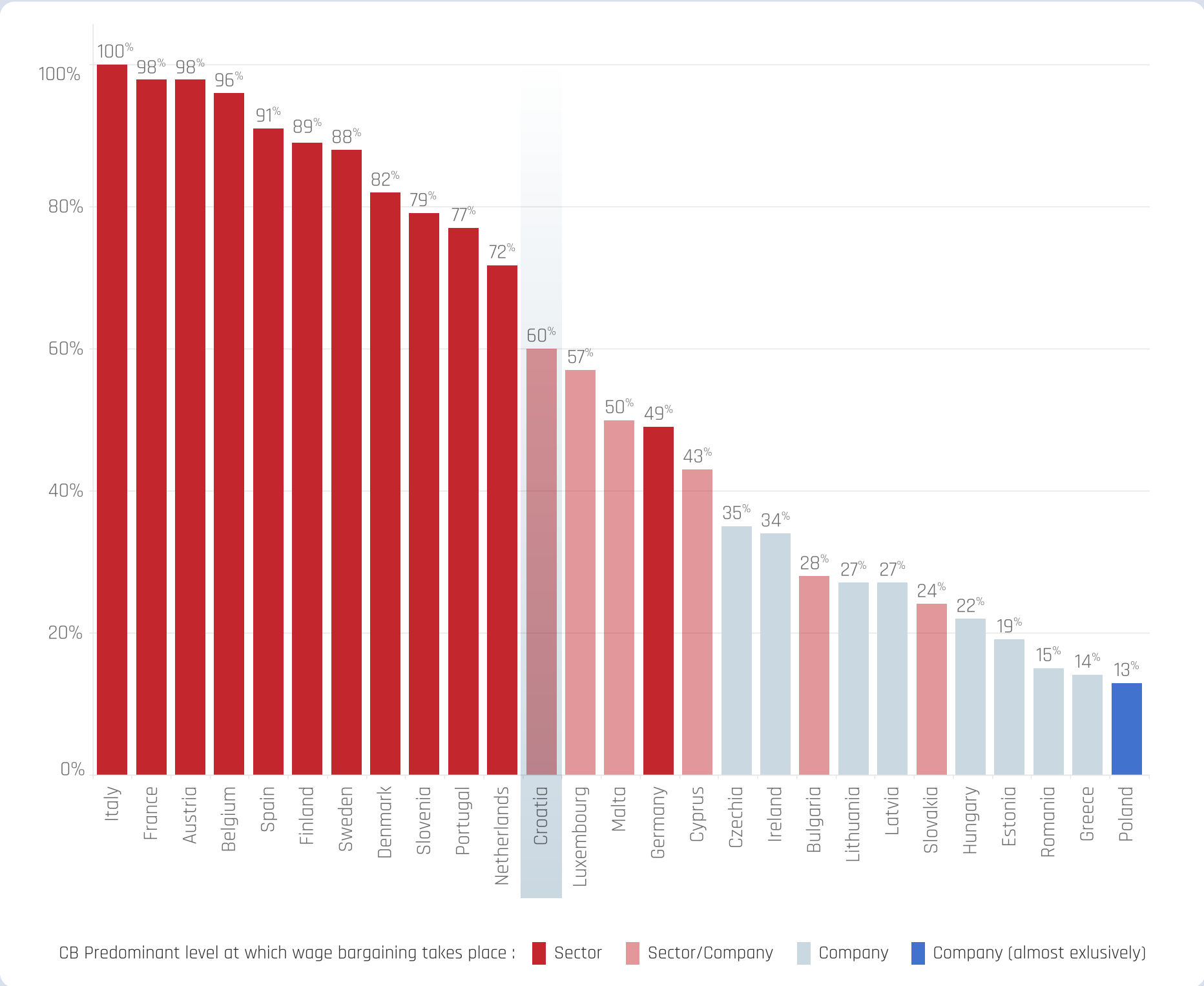
The third pattern involves regular and routine collective bargaining practices at the level of individual employers, which are present across various industries in the private sector, as well as in almost all public enterprises owned by central or local government. It is characterised by relatively regular bargaining cycles, with wages as the primary focus of collective bargaining.

(iv) Irregular enterprise-level bargaining:

In this pattern, bargaining cycles are irregular, and wages are often not central. Employers sometimes unilaterally increase wages, especially since 2022, when labor shortages and inflation became significant issues, even though collective bargaining exists.

As of December 2024, approximately 1,035,000 workers in Croatia were covered by collective agreements, representing 60.4 per cent of the total workforce of 1,723,000. This marks a significant increase from 2021, when coverage was estimated at 46.5 per cent. The rise is attributed primarily to the signing and extension of the collective agreement in retail, which added around 230,000 workers, raising the coverage rate by over 13 percentage points. A similar level of coverage (61 per cent) was observed in 2009, but it dropped to about 53 per cent after the termination of the retail sector agreement in 2013. Despite fluctuations in coverage over the past 15 years, coverage and bargaining practices remain stable overall, with coverage variations driven by extraordinary events.

CB Predominant level at which wage bargaining takes place per Country





Transposition of the European Directive on Adequate Minimum Wages in the EU

The European Directive on Adequate Minimum Wages in the EU was incorporated into Croatian law on 13 December 2024, when the Croatian Parliament unanimously approved amendments to the Minimum Wage Act.

Because Croatia's existing minimum wage regulations were already largely aligned with the Directive, only two minor changes were introduced. The first amendment adds two new criteria to the existing list of factors considered when setting the minimum wage: productivity trends and changes in the purchasing power of the minimum wage. The second amendment is procedural, requiring that the Ministry of Labour submit a report to the European Commission every two years on the level of collective bargaining coverage, the level of the statutory minimum wage, and the percentage of workers covered by it.



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WAGE-UP is the ETUC Monitoring Tool presenting information on Minimum Wage setting procedures and Collective Bargaining systems in all EU countries, as well as the progress in EU countries toward the transposition and the implementation of all the provisions of the Directive on adequate minimum wages in the EU (2022/2041).

www.wage-up.etuc.org/



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