


Minimum Wage & Collective Bargaining in Germany 2025

Latest update on 05/05/2025

Torsten Müller, European Trade Union Institute (ETUI)

 Germany

Statutory Minimum Wage ✓

Monthly Min. Wage

2115.00€

Hourly Min.Wage

12.82€

56.00%

• MW as % of Median Wage

46.00%

• MW as % of Gross Average Wage

Gender pay gap

17.60%

49.00%

• Collective bargaining coverage

• Process of transposition:
Assessment of current situation completed by the Government: no further legislative actions required.
Transposed!

→ Compare with other countries



Minimum wage system in Germany

A general statutory minimum wage was introduced in Germany only as recently as 1 January 2015.

Previously, minimum wages were set exclusively by collective agreements. This was based on the notion of collective bargaining autonomy, in accordance with which wages are supposed to be determined in autonomous agreements between trade unions and employers’ associations without state intervention. As until the 1990s the vast majority of employees were covered by a collective agreement this guaranteed extensive minimum wage protection. Since then, however, collective bargaining coverage in Germany has declined continuously, so that in 2024 less than half of all employees (49 per cent) were covered by collective agreements.

Against this background, in the 2000s the German trade unions fundamentally changed their originally negative position with regard to minimum wages and conducted a comprehensive campaign to introduce a statutory minimum wage. After more than 10 years of political debate, a statutory minimum wage was introduced in 2015 for the first time in the history of Germany.

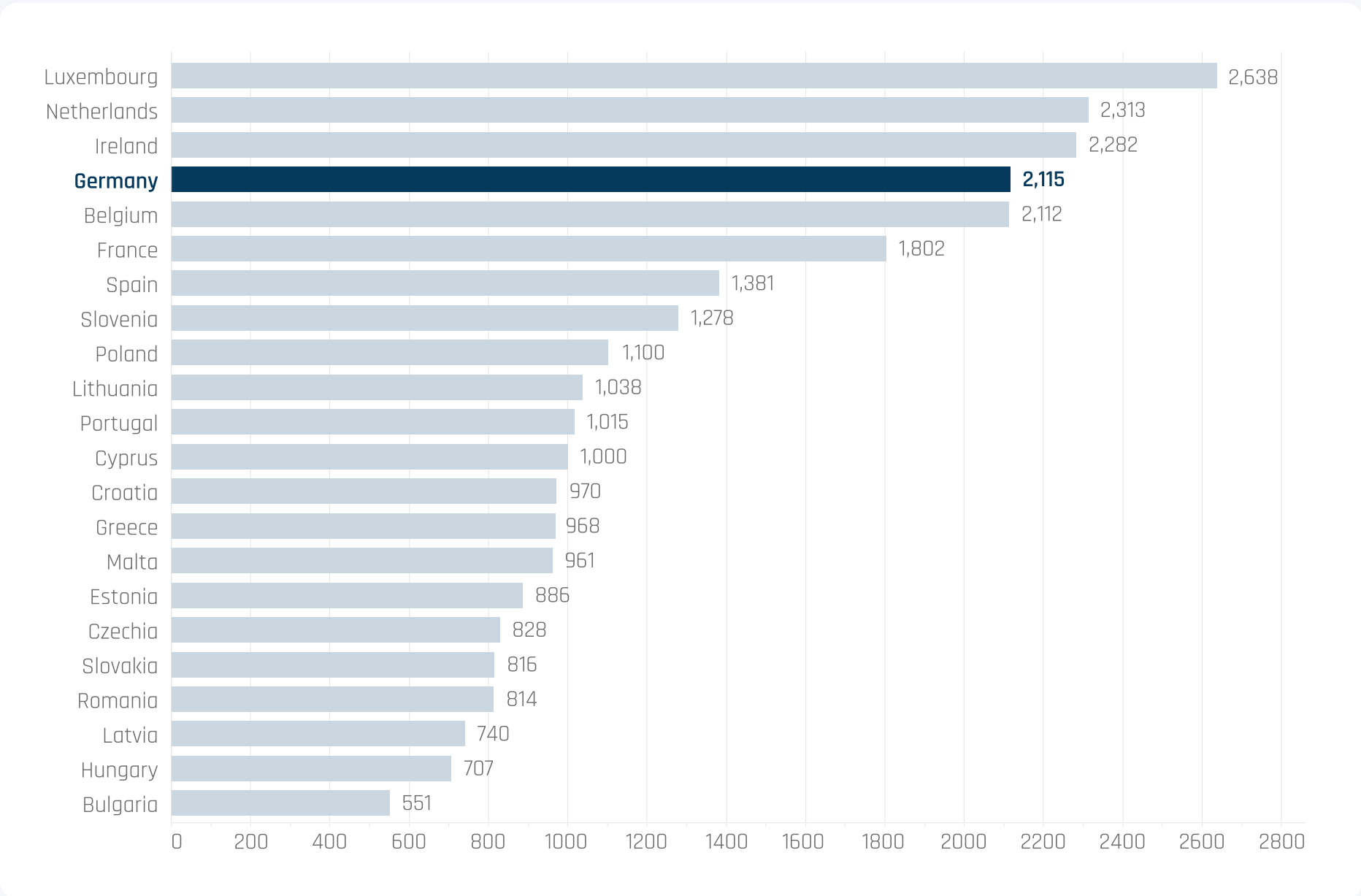
The legal basis of the German minimum wage regime is the Act on the Regulation of a General Minimum Wage (Mindestlohngesetz – MiLoG) of 11 August 2014. According to this law, all employees in Germany have the right to a minimum wage, which is defined as a certain rate of pay per hour.

At the time of writing (January 2025) the hourly minimum wage was 12.82 euros (€). The monthly minimum wage calculated on the basis of a 38 hour week and 165 hours per month is €2,115.30. However, three groups of employees in particular are still explicitly excluded from the scope of the minimum wage. These include young people under 18 years of age without a vocational training qualification, the long-term unemployed in the first six months of their re-employment, and trainees as part of their training.

The minimum wage is adjusted every two years based on a recommendation from the so-called Minimum Wage Commission which is composed of three representatives each from employers and trade unions, as well as an independent chair. In addition, there are two experts in an advisory role but without voting rights.

The government only has the choice of accepting the Minimum Wage Commission’s recommendation and implementing it in a corresponding ordinance or rejecting it. In the latter case, however, it would have no legal competence to enforce an alternative proposal, so that de facto no adjustment would then take place. The Minimum Wage Act formulates a number of criteria and indicators for the adjustment of the minimum wage.

Monthly Minimum Wage (€) per Country



<div>Statutory Minimum Wage</div> <div>Yes</div>	<div>Wage inequality (inter-decile Ratio P90/P10)</div> <div>3.00</div>	<div>Gender Pay Gap</div> <div>17.60%</div>
<div>Hourly Minimum Wage</div> <div>12.82€/hour</div>	<div>Nominal Growth rate of Wages</div> <div>3.30%</div>	<div>In-work poverty rate</div> <div>6.50%</div>
<div>Monthly Minimum Wage</div> <div>2115.00€/ month</div>	<div>Real Growth rate of wages</div> <div>0.80%</div>	<div>% of workers covered by minimum wage</div> <div>6.60%</div>



Minimum wage system in Germany

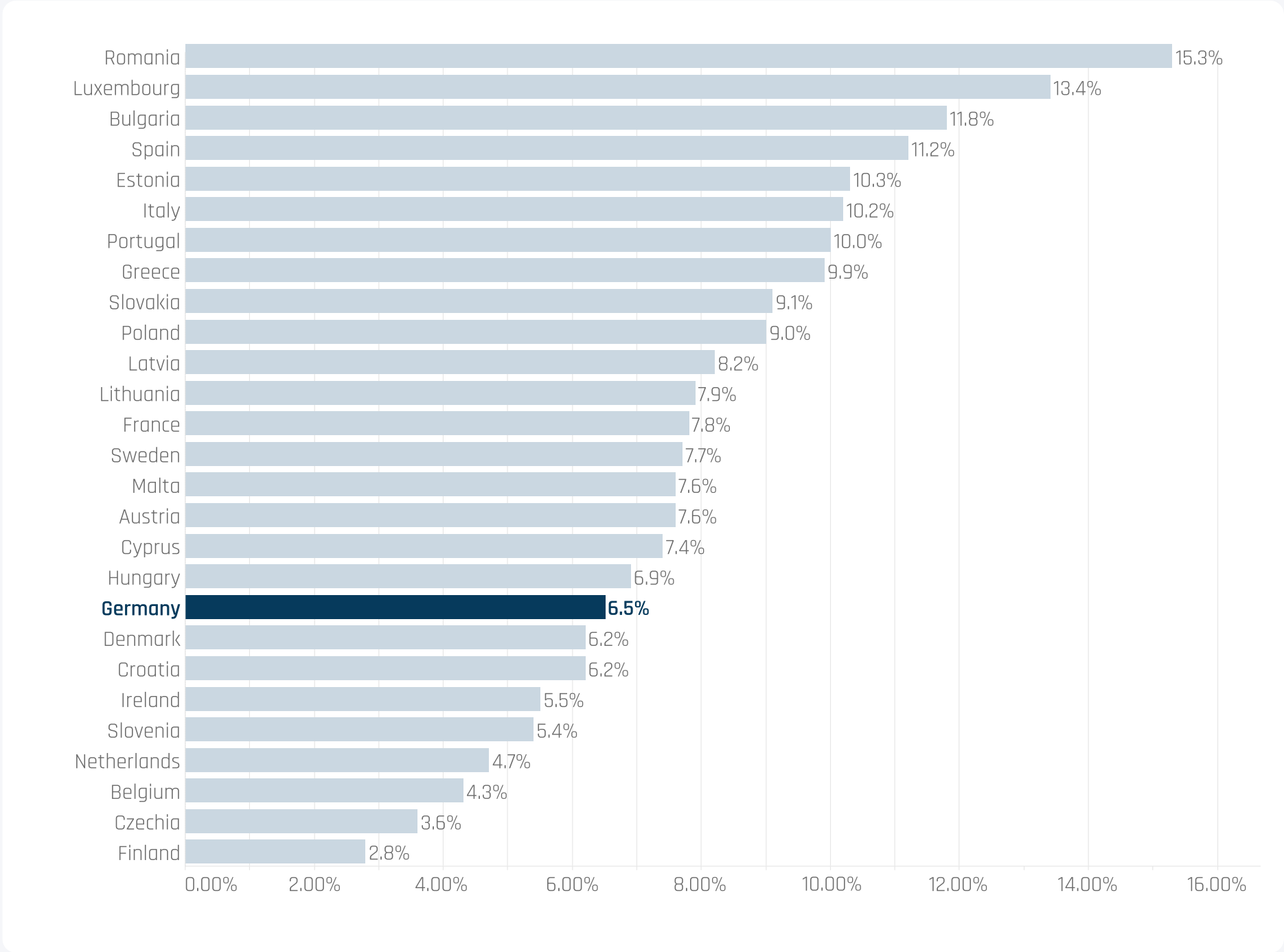
It stipulates that the Minimum Wage Commission is to examine, within the framework of an overall assessment, which level of the minimum wage is suitable to contribute to an appropriate minimum level of protection for workers, to enable fair and functioning competitive conditions and not to endanger employment, and, finally, the development of collectively agreed wages over the past two years. In practice, the latter proved to be the most important criterion for the recommendations of the Minimum Wage Commission. On 21 January 2025, the Commission adopted new rules of procedure which introduced 60 per cent of the median gross wage as an additional criterion to be taken into consideration in its recommendation for the level of the statutory minimum wage.

When the statutory minimum wage was introduced in 2015, it was set at a fairly low level of €8.50, which at the time amounted to 48 per cent of the median gross wage and 43 per cent of the average gross wage. In the following years until 2022, minimum wage growth was fairly modest with an average annual increase of 2.1 per cent. As a consequence, in 2022, the relative value of the minimum wage as a percentage of the median and average wages was essentially the same as in 2015. In 2022, however, the government decided on an exceptional structural increase of the minimum wage of more then 22 per cent from €9.82 to €12.

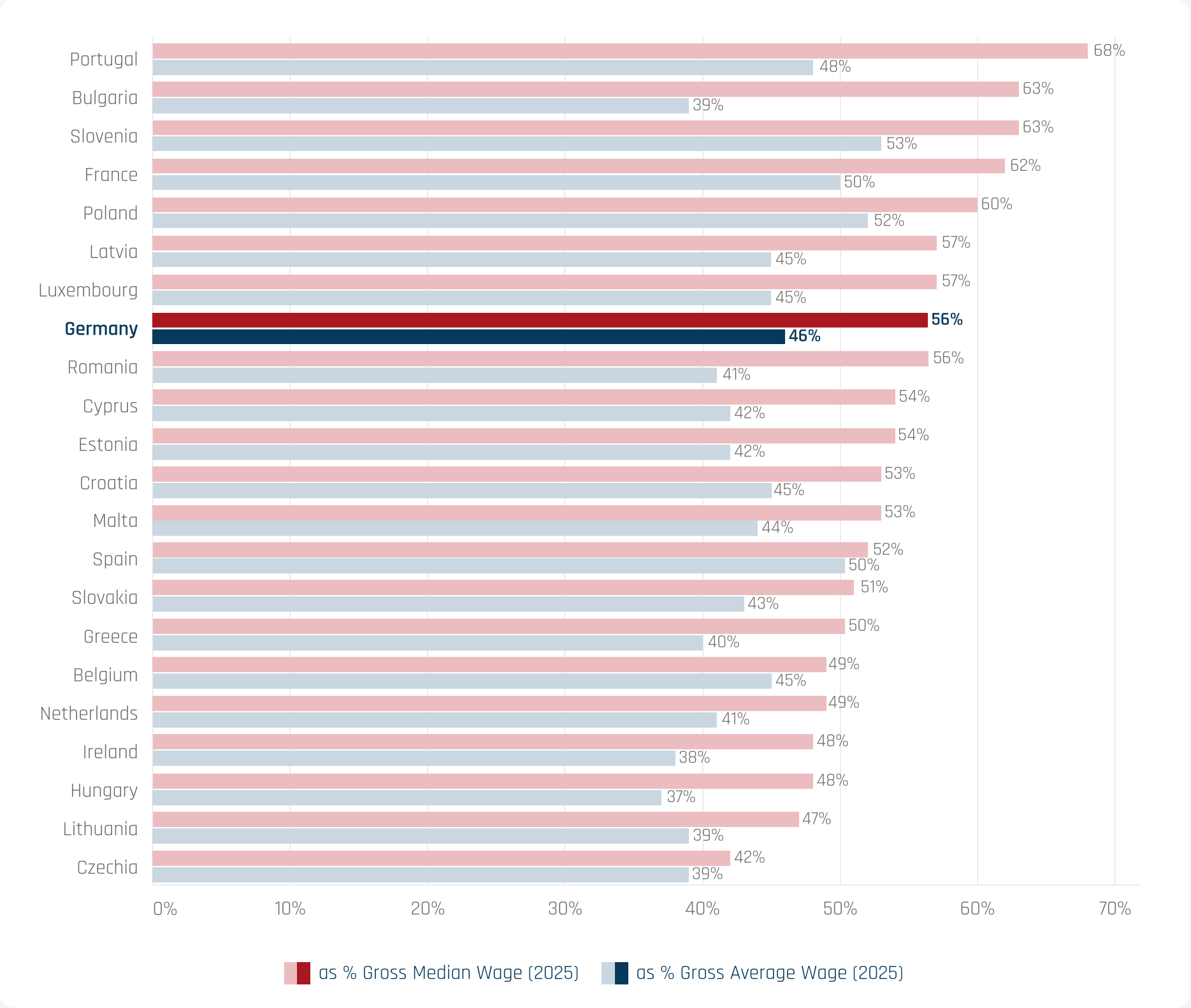
This was done with explicit reference to the indicative reference values mentioned in the European Minimum Wage Directive of 60 per cent of the gross median and 50 per cent of the gross average wage. This exceptional increase is reflected in the growth of the relative value of the minimum wage, which in 2023 was 52 per cent of the median and 45 per cent of the average wage.

Since then, however, the Minimum Wage Commission has continued its practice of very cautious recommendations. As a consequence, in January 2024, the statutory minimum wage grew by only 3.4 per cent to €12.41 and there was another modest increase of 3.3 per cent to €12.82 on 1 January 2025.

In-work poverty rate (%) per Country



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





Collective Bargaining system in Germany

In principle, collective bargaining in Germany is regulated by the Collective Bargaining Act of 1949 (TVG - Tarifvertragsgesetz). It stipulates that collective agreements have to be negotiated by trade unions and employers' associations or individual employers. This explicitly allows for company-level agreements. The dominant level at which collective bargaining predominantly takes place, however, is the sectoral level.

Since the mid-1990s, Germany has seen an almost continuous decline in collective bargaining coverage, from 75 per cent in 1996 to 49 per cent in 2023. Of the 49 per cent of employees covered by a collective agreement, 42 per cent are accounted for by sectoral agreements and the rest by company agreements. **The main features that characterise the German collective bargaining system and explain the decline in bargaining coverage are as follows:**

- (i) Bargaining coverage in Germany has a strong sectoral bias. While it is still relatively high in the public sector, as well as in most of manufacturing industry, it is rather low in many of the private service sectors, as well as in some tech industries, such as information and communication.
- (ii) Coverage is also much greater among large and older companies established before 1990 – by contrast, coverage is much lower in small and medium-sized establishments and more recently established companies.

(iii) There has also been a significant weakening of employers' associations as a result of the introduction of a special 'OT membership status' (OT = ohne Tarif/without collective agreement). This means that employers can be a member of the employers' association without having to apply the sectoral collective agreement signed by the respective employers' association. With the increasing spread of OT memberships, employers' associations have increasingly moved away from their original function as collective bargaining organisations and have evolved into general lobbying organisations for which collective agreements are only one form of regulating working conditions and by no means the privileged one. This is part of a more general trend of a decreasing acceptance of sectoral bargaining among employers, which can also be seen by the fact that a growing number of prominent multinational companies such as Amazon, Tesla or Biontech refuse to participate in collective bargaining with unions.

(iv) Finally, there is only weak support for higher bargaining coverage by the state, namely through instruments such as – in particular – the widespread extension of collective agreements. In 2022, only 0.8 per cent of all newly registered sectoral agreements were extended. This low number is due mainly to the restrictive attitude of the employers' organisations, which have a double veto option to block extensions. First of all, a collective agreement can be extended only if both employers and trade unions request it. Second, even when both bargaining parties request an extension it has to be approved by the so-called Collective Bargaining Committee, which is composed of representatives from the peak-level trade unions and employers' associations. In this process, it can happen that the national peak employers' association votes against the extension of an agreement even though its own sectoral affiliate is in favour of an extension.

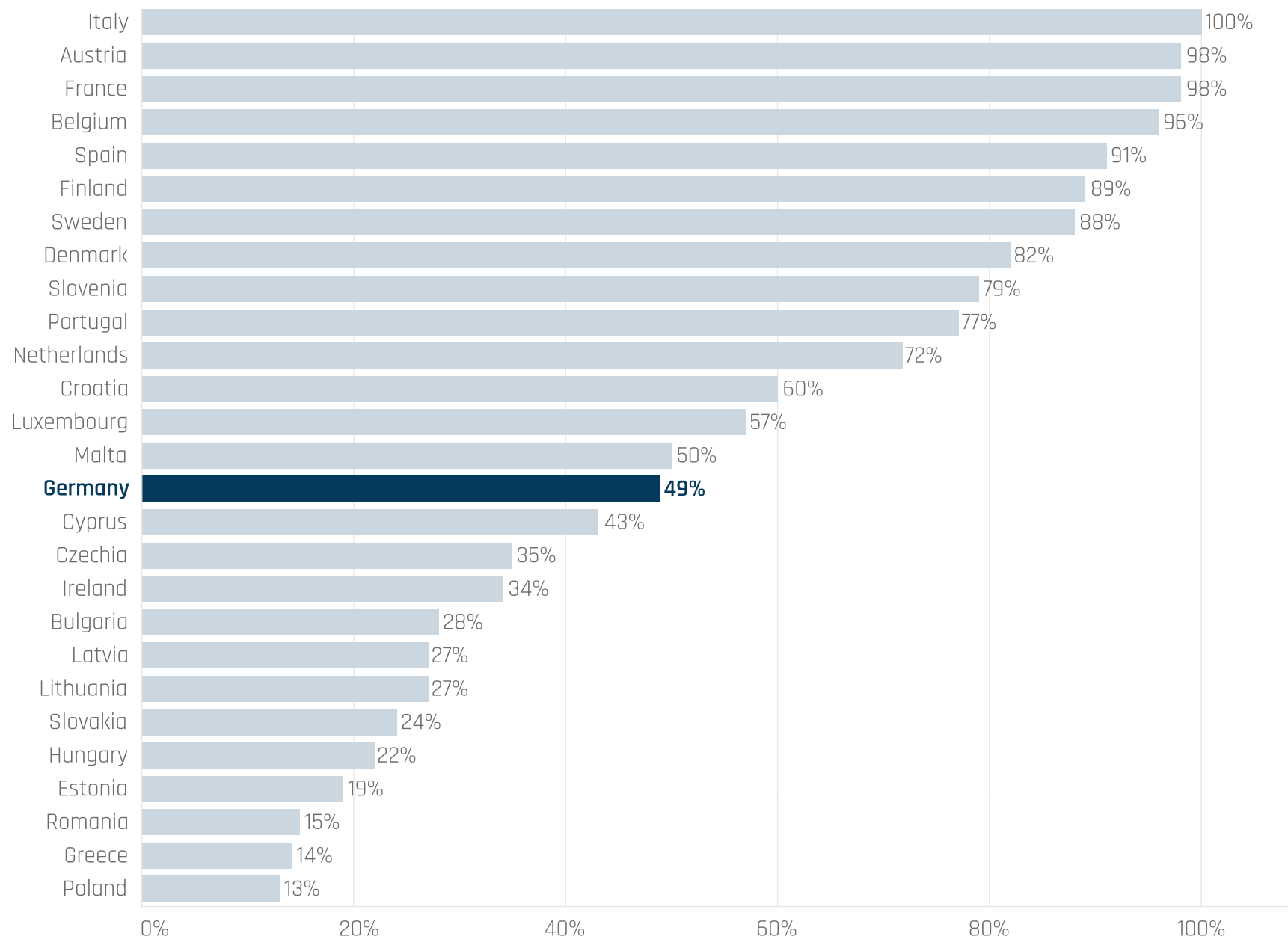
Collective Bargaining Coverage
49.00%

Trade Union Density
16.30%

Extension Mechanism
Rare extension

Validity of Collective Agreements after expirations?
Yes

Collective Bargaining Coverage per Country (%)





Collective Bargaining system in Germany

Other structural key features of the German collective bargaining regime include the following:

Validity of collective agreements after their expiry: The Collective Bargaining Act stipulates that if a collective agreement has been terminated or has expired, its provisions shall continue to apply until they are replaced by a new agreement. However, this provision has not prevented the employers’ strategy of circumventing collective agreements in the case of organisational restructuring such as spin-offs or transfers of undertakings.

The existing regulation protects the status quo only for existing employees, but are not binding for new employees. This has often created a two-tier system for employees in the outsourced areas. In order to minimise incentives to circumvent collective agreements through organisational restructuring, the unions are demanding stronger regulation to ensure continued validity of the existing collective agreement in such cases also for newly hired employees

Exclusion of groups of employees from collective bargaining: In principle, all employees have the right to be covered by a collective agreement, with the exception of those employees who do not meet the definition of an employee, such as (in particular) civil servants and employees of religious institutions.

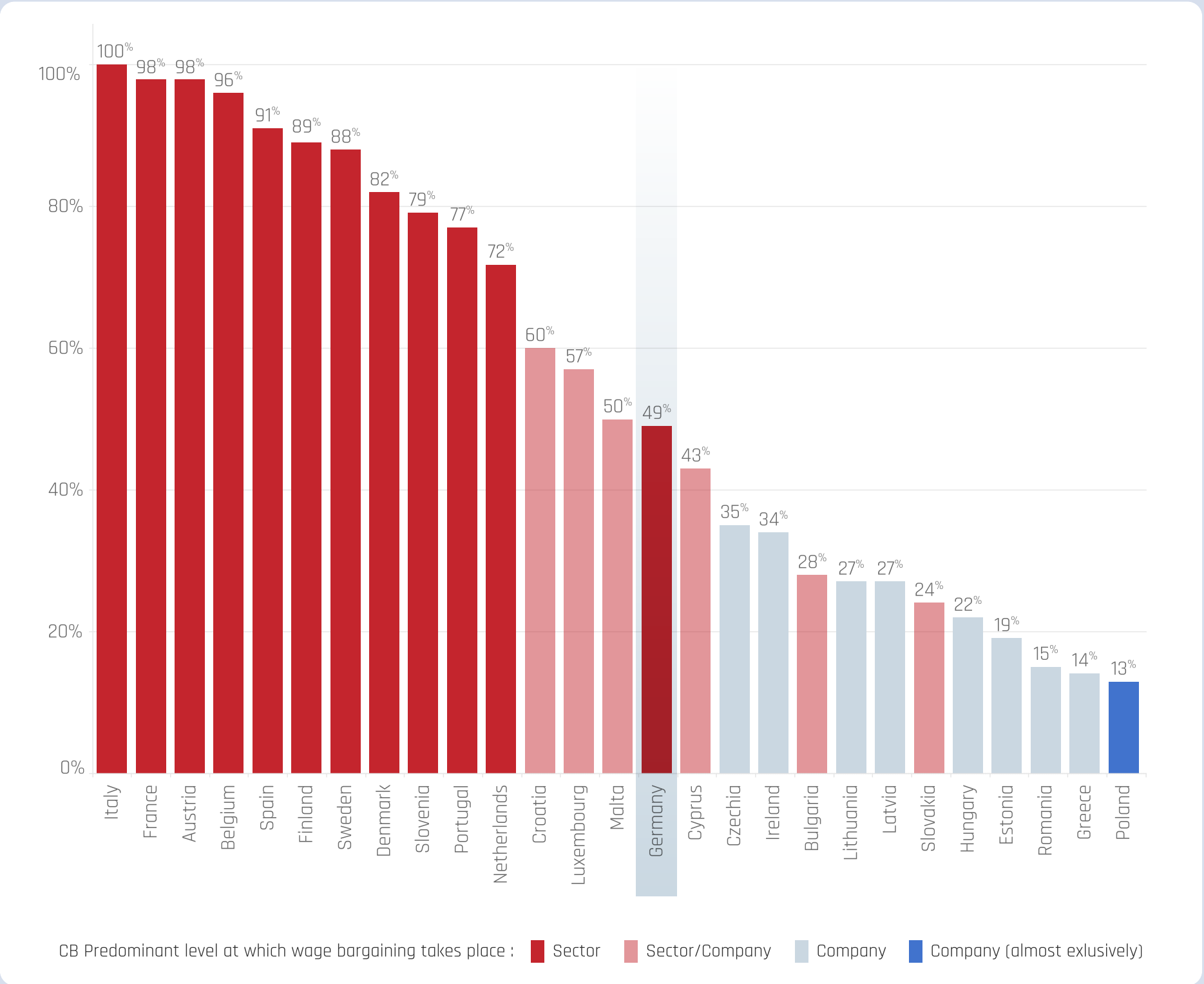
Collective bargaining clauses in public procurement: Such clauses, which ensure that public contracts are awarded only to companies that apply the provisions of the collective agreement in the respective sector, currently exist only at the level of the federal states. The federal government, however, plans to introduce a federal law on Public Procurement and Collective Bargaining (Tariftreuegesetz - BMAS). Such a law would be based on similar regulations of existing laws at the level of the federal states. The objective of such a law would be to compensate for possible cost disadvantages of companies bound by collective agreements in the competition for public contracts.

Right of access to workplace for trade unions: By law, trade unions with members in the workplace have the right of access in relation to their cooperation with the works council. This includes its election, taking part in works council meetings and generally providing support to the works council. Beyond this, union access is case-specific and has been determined by case law. Federal courts have ruled that trade union officials (not employed within the firm) have the right to access the premises for the purpose of recruiting new members. This right needs to be exercised in a way that does not disturb the normal work organisation. The right to digital access is currently being discussed by the government. In particular in the chemical sector collective agreements have been concluded providing for digital access rights.

Protection of workers and trade union representatives against dismissal/discrimination: Protection against dismissal and discrimination is provided for by law.

Obligation for employers to engage in collective bargaining: Such an obligation does not exist in German law and is not currently under discussion.

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 Minimum Wage Directive was transposed on 17 October 2024 with the official [announcement in the legal gazette](#) that the existing laws on the minimum wage and collective agreements (MiLoG and TVG) are in line with the Directive. As a consequence, no legal changes have been made to existing laws. However, on 22 January 2025 the Minimum Wage

Commission changed its [rules of procedure](#) to include the Directive's reference value for adequate minimum wages of 60 per cent of the gross median wage of full-time employees as an additional criterion to be taken into consideration when preparing its recommendation on the adjustment of the statutory minimum wage.



European Trade Union Confederation
Confédération Européenne des Syndicats
Boulevard du Jardin Botanique, 20
1000 Brussels

Tel: +32 (0) 475 60 15 01
www.etuc.org

IN COOPERATION WITH



Friedrich - Ebert - Stiftung
www.fes.de/en/



European Trade Union Institute
www.etui.org



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/



[See All Countries](#)