

Minimum Wage & Collective Bargaining in Latvia 2025

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Latvia

Statutory Minimum Wage ✓

• Monthly Min. Wage 740.00€

• Hourly Min.Wage 4.38€

57.00%

• MW as % of Median Wage

45.00%

• MW as % of Gross Average Wage

• Gender pay gap 19.00%

27.00%

• Collective bargaining coverage

• Process of transposition:

For MW: Partially Transposed

For CB: Discussion / preparation ongoing

↔ Compare with other countries



Minimum wage system in Latvia

Historically, the minimum wage in Latvia is set by law and not through collective bargaining. Some existing collective agreements set minimum remuneration rates or contain indications and guidance on how to set wages and organise the wage system. However, minimum wage rates were set mainly by the regulations of the Cabinet of Ministers after consulting the social partners. Over time, minimum wage adjustment has generally been based on political decisions and not an analysis of changes in the economy or the adequacy of minimum wage with regard to the cost of living in Latvia.

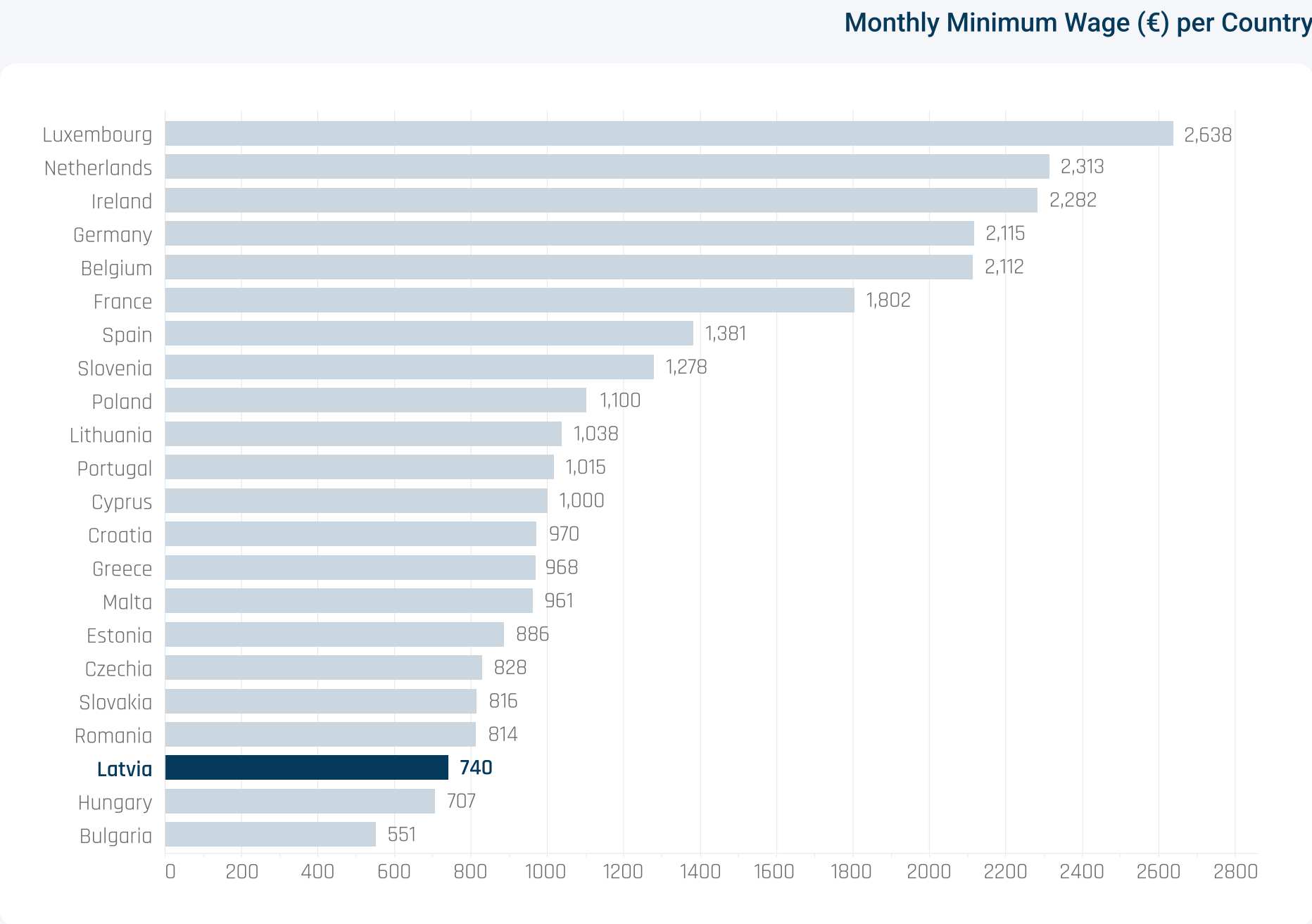
The legal basis of the minimum wage is Article 107 of the [1922 Constitution of Latvia](#) (Satversme) and Section 61 of the [Labour Law](#) adopted in June 2001, which guarantee that every employed person has the right to remuneration not lower than the minimum wage fixed by the state. The procedures for the determination and review of the minimum monthly and hourly wage are set by the [Cabinet of Ministers](#). Formally, the method for calculating monthly and hourly minimum wage rates is outlined in [Cabinet Regulation No. 656](#) ‘Regulations on the Amount of the Minimum Monthly Wage within Normal Working Hours and the Calculation of the Minimum Hourly Tariff Rate’, adopted on 24 November 2015.

On 19 November 2024 the Cabinet of Ministers adopted [Regulation No. 730 ‘Procedure for Determining and Revising the Minimum Monthly Wage’](#), which transposes the European Minimum Wage Directive (EU) 2022/2041 into national law. According to Regulation No. 730, the setting of the minimum wage includes analysis of various criteria, including the reference value of 46 per cent of the average gross wage calculated by the Central Statistical Bureau for the last available 12 months.

In general, there are no exceptions or deviations from the minimum wage. Cabinet Regulation No. 730 provide for the setting of a single monthly minimum rate for all sectors and professions. The only exceptions are for convicted prisoners, for whom Section 5616 of the [Sentence Execution Code of Latvia](#) sets a minimum wage of 50 per cent of the normal minimum wage. Another deviation from the normal minimum wage is possible under the [construction sector collective agreement](#), which was signed in November 2019 and was last amended in September 2024. This agreement allows employers to apply a coefficient of 0.7 to the minimum hourly rate provided by the agreement in relation to employees in vocational or higher education within six months of signing the employment contract.

Regulation No. 730 defines the procedure and criteria for the setting and adjustment of the minimum wage. According to this Regulation, the decision on minimum wage adjustment for the coming year has to be taken already in May of the current year.

A first proposal is prepared by the Ministry of Welfare and submitted to the Social Security Sub-Council of the National Tripartite Cooperation Council (NTCC) for consideration by 15 April. After that, the proposal has to be submitted to the NTCC for consideration within two weeks after the proposal has been considered by the Social Security Sub-Council. After revision of the proposal with the social partners, within two weeks of consideration of the proposal by the NTCC, the Ministry of Welfare shall submit it to the Cabinet of Ministers for the final decision, taking into account the potential impact of the minimum wage adjustment on the state budget. Therefore, the decision on raising minimum wage lies with the Cabinet of Ministers and still involves political consideration.



<div>Statutory Minimum Wage</div> <div>Yes</div>	<div>Wage inequality (inter-decile Ratio P90/P10)</div> <div>4.00</div>	<div>Gender Pay Gap</div> <div>19.00%</div>
<div>Hourly Minimum Wage</div> <div>4.38€/hour</div>	<div>Nominal Growth rate of Wages</div> <div>5.71%</div>	<div>In-work poverty rate</div> <div>8.20%</div>
<div>Monthly Minimum Wage</div> <div>740.00€/ month</div>	<div>Real Growth rate of wages</div> <div>4.50%</div>	<div>% of workers covered by minimum wage</div> <div>7.30%</div>



Minimum wage system in Latvia

Regulation No. 730 also sets out the criteria for adjusting and setting the minimum wage. These include the reference value of 46 per cent of the average gross wage calculated by the Central Statistical Bureau for the last available 12 months, as well as a whole range of macroeconomic indicators, such as the broader economic situation, the development of labour productivity, possible changes in the tax system for the next two years (personal income tax rates, the minimum not subject to personal income tax and relief for dependent persons), the minimum income level and poverty risk threshold calculated for the last available year. Also taken into account are calculated changes in the labour cost index compared with the corresponding period of the previous year; the average changes in consumer prices in 12 months compared with the previous 12 months; development of unemployment rates; and, last but not least, the development of minimum monthly gross wages in other EU Member States, including the ratio of the minimum monthly wage to the average wage in these countries.

Regulation No. 730 stipulates that the statutory minimum wage should be set at 46 per cent of the average gross wage. During legislative discussions on the draft regulation, the trade union confederation [LBAS strongly urged a minimum wage reference value of 50 per cent of the average gross wage](#).

At the same time the Cabinet of Ministers decided on the following medium-term minimum wage levels: in 2026, 780 euros (€) per month; in 2027, €820 per month, and in 2028 €860 per month. According to the [impact assessment of Regulation No. 730](#), the average gross wage during the last 12 months under consideration (July 2023–June 2024) was €1613.37. Thus, 46 per cent of the average gross wage is €742.15.

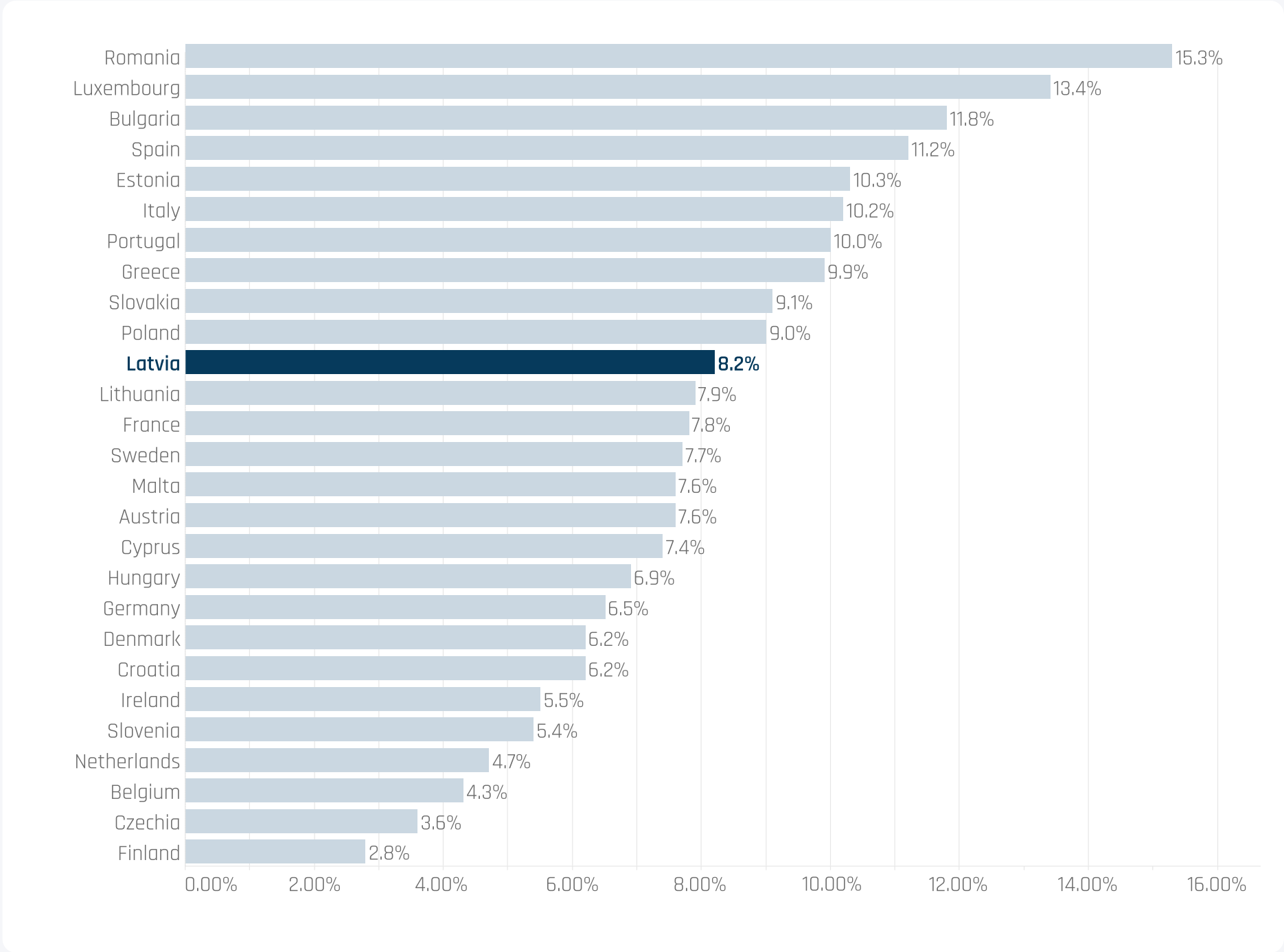
On 1 January 2025, the statutory minimum wage was set at €740 per month, which is based on a 40 hour working week.

Even though the minimum monthly wage is reviewed regularly, the Cabinet of Ministers can decide to maintain it at the same level, which means that in practice increases in the minimum monthly wage are [not always regular](#) and depend on political will.

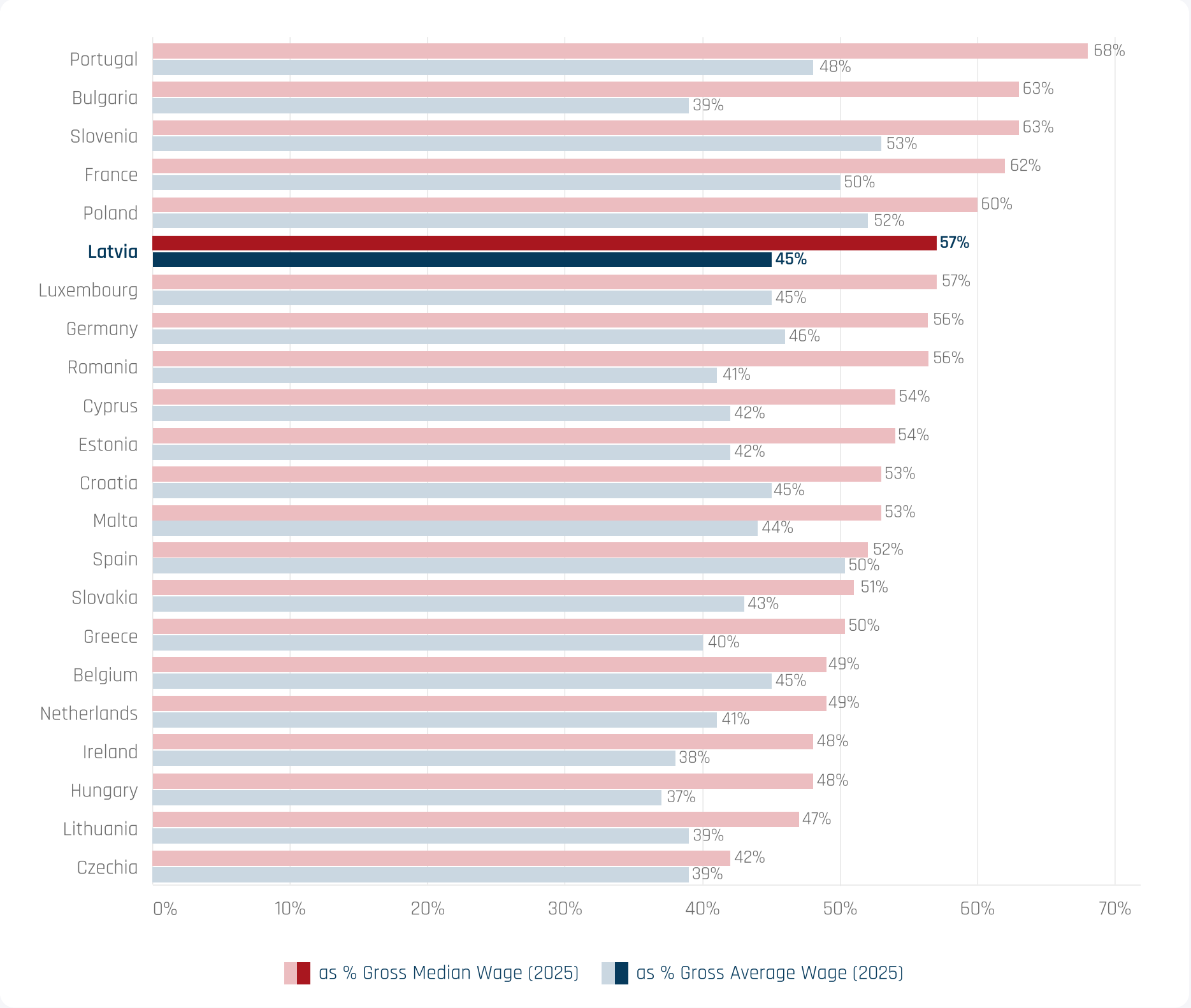
For instance, the minimum wage increases in 2023 and 2024 were based more on political decisions than empirical analyses. The new regulation might change the situation.

and there is one [SEO](#), for the construction sector (46,000). In total, these sectoral regulations provide higher minimum wage rates than the national minimum wage (though now marginally in some cases) for approximately 4 per cent of all workers.

In-work poverty rate (%) per Country



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





Collective Bargaining system in Latvia

Article 108 of the Latvian constitution (Satversme) guarantees employed persons the right to a collective agreement and the right to strike, It also provides that the state shall protect the freedom of trade unions. Labour law furthermore defines the process of collective bargaining and the rights and obligations of the parties involved. Latvian law provides for the extension of collective agreements. According to Section 18 paragraph 4 of the Labour Law if the signatory on the employers’ side employs more than 50 per cent of the employees in a sector or the turnover of their goods or the amount of services is more than 50 per cent of the turnover of goods or amount of services in a sector, a general agreement shall be binding on all employers in that relevant sector and shall apply to all employees employed by such employers. The data provided by the Central Statistical Bureau is used for calculating the representativity criteria.

Previously, the representativity criteria for the extension of collective agreements were too restrictive considering the economic structure. In 2017 to improve the situation, on the initiative of the social partners, [amendments to the Labour Law section 18](#) were adopted. The amendments lowered the representativity thresholds for the extension of collective agreements from 60 to 50 per cent.

They also allowed employers that are not members of employers’ organisations to co-sign the collective agreement to reach the threshold. In addition, the amendments provide for a mechanism to prove compliance with the representativity criteria. The amendments, furthermore, provided for a safety clause stating that in case of withdrawal of a member of the signatory organisation on the employers’ side the collective agreements remains valid for the withdrawing member.

In the public sector, Section 3(4) of the [Law on Remuneration of Officials and Employees of State and Local Government Authorities](#) defines a limited list of issues and the permissible amount that may be regulated by collective agreement in the public sector. This list includes specific issues such as the length of a working day before public holidays, paid holiday on the first day of school and the number of paid holidays due to entering into marriage or graduation. Such a specific list of issues limits the possibilities for collective bargaining in the public sector.

Collective bargaining coverage in Latvia is very low. According to [OECD data](#), collective bargaining coverage in 2018 was 27 per cent. Some existing collective agreements set minimum remuneration rates or contain indications and guidance on how to set wages and organise wage systems (see for instance [the general collective agreement in the railway sector](#)).

However, minimum wage rates are mostly set by the Regulations of the Cabinet of Ministers.

At the time of writing at the beginning 2025, there are four sectoral collective agreements which establish minimum wages in the sector:

- (i) construction sector (2019, renewed 2024);
- (ii) glass fibre production sector (2019, renewed 2024);
- (iii) social care sector (2019, renewed 2024, not erga omnes);
- (iv) hospitality sector (signed 2020, not in force).

One important reason for the low bargaining coverage is the lack of sectoral collective bargaining, which in turn can be explained by the developed culture of regulating employment standards in detail through legal regulations. The main negotiations on labour-related issues therefore take place within the tripartite cooperation system and result in amendments to the Labour Law and other related legislative acts.

In addition, the current legislative framework does not provide for a sufficiently facilitating environment for those employers that conclude collective agreements, for example, stimulating factors such as tax reductions on benefits provided by collective agreements.

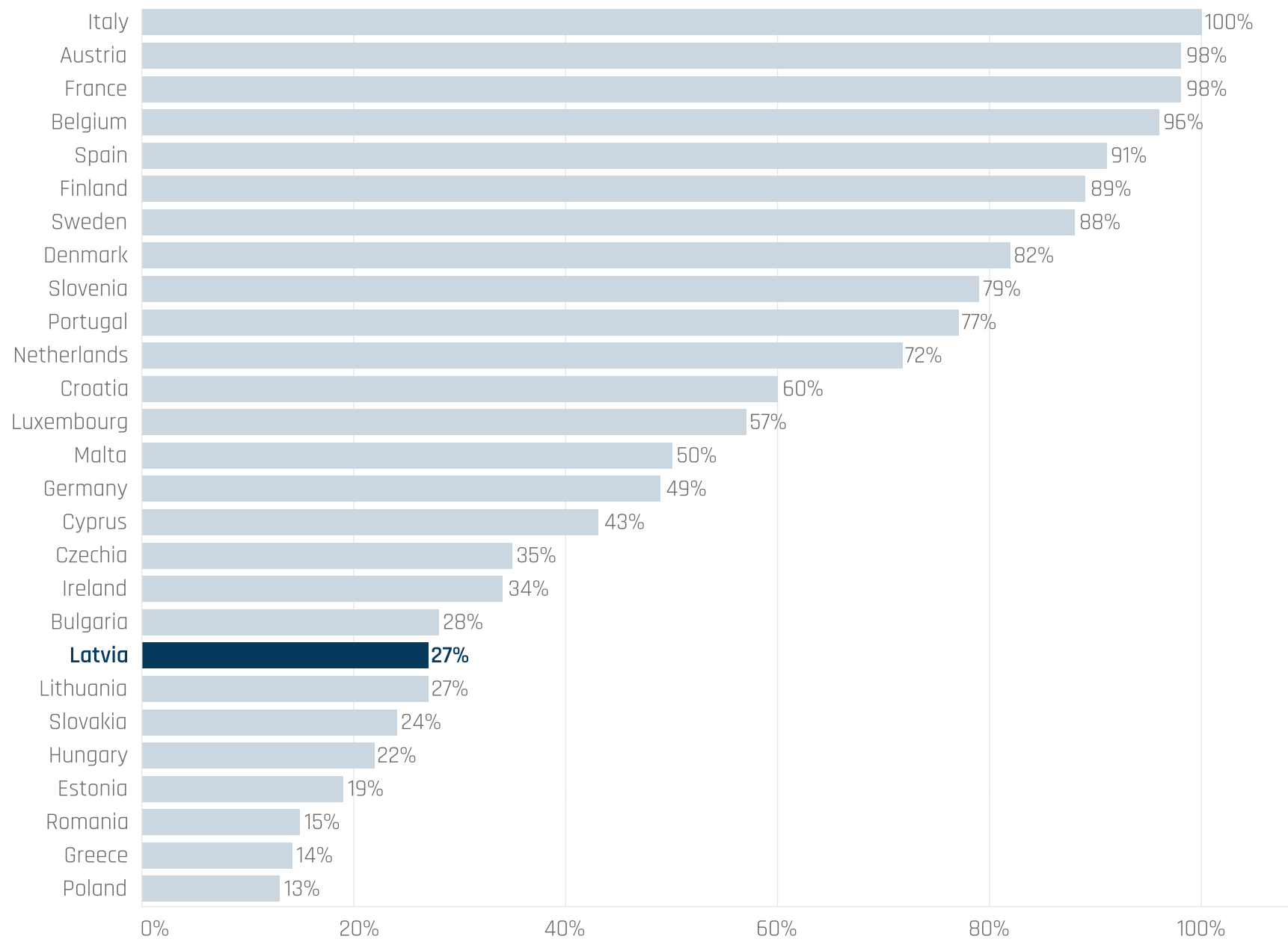
Collective Bargaining Coverage
27.00%

Trade Union Density
6.50%

Trade Union Involvement in Action Plan drafting
Discussions ongoing

Valididy of Collective Agreements after expirations?
Yes

Collective Bargaining Coverage per Country (%)





Collective Bargaining system in Latvia

Furthermore, challenges to sectoral bargaining can be explained by the lack of awareness and understanding of the benefits of collective bargaining among employers, as well as their low affiliation rates. This makes it more difficult to achieve the representativity thresholds for the extension of collective agreements.

Validity of collective agreement after expiry

Section 19 (3) of the Labour Law ensures that upon termination of a collective agreement, its provisions remain in effect until a new agreement is signed, unless agreed otherwise by the parties.

Exclusion of certain groups of employees from bargaining

Self-employed persons do not have the right to collective bargaining. Certain public service persons, such as officials of state security institutions (including the Constitutional Protection Office, Military Intelligence and Security Service and the Security Police) and persons performing military service as a soldier do not have the right to collective bargaining. As outlined above, Section 3(4) of the Law on Remuneration of Officials and Employees of State and Local Government Authorities furthermore limits the list of the issues and the permissible amount that may be regulated by collective agreement in the public sector.

Collective bargaining clauses in public procurement

The Public Procurement Law does not provide any special incentives for collective agreements in public procurement procedures (for instance, being covered by a collective agreement is not an obligatory criterion for participating in public procurement), except for the right of the client to use a collective agreement as a decisive criterion in public procurement. The law requires, however, that companies participating in public procurement must respect the minimum wage set by a collective agreement (if there is one).

Right of access to workplaces for trade unions

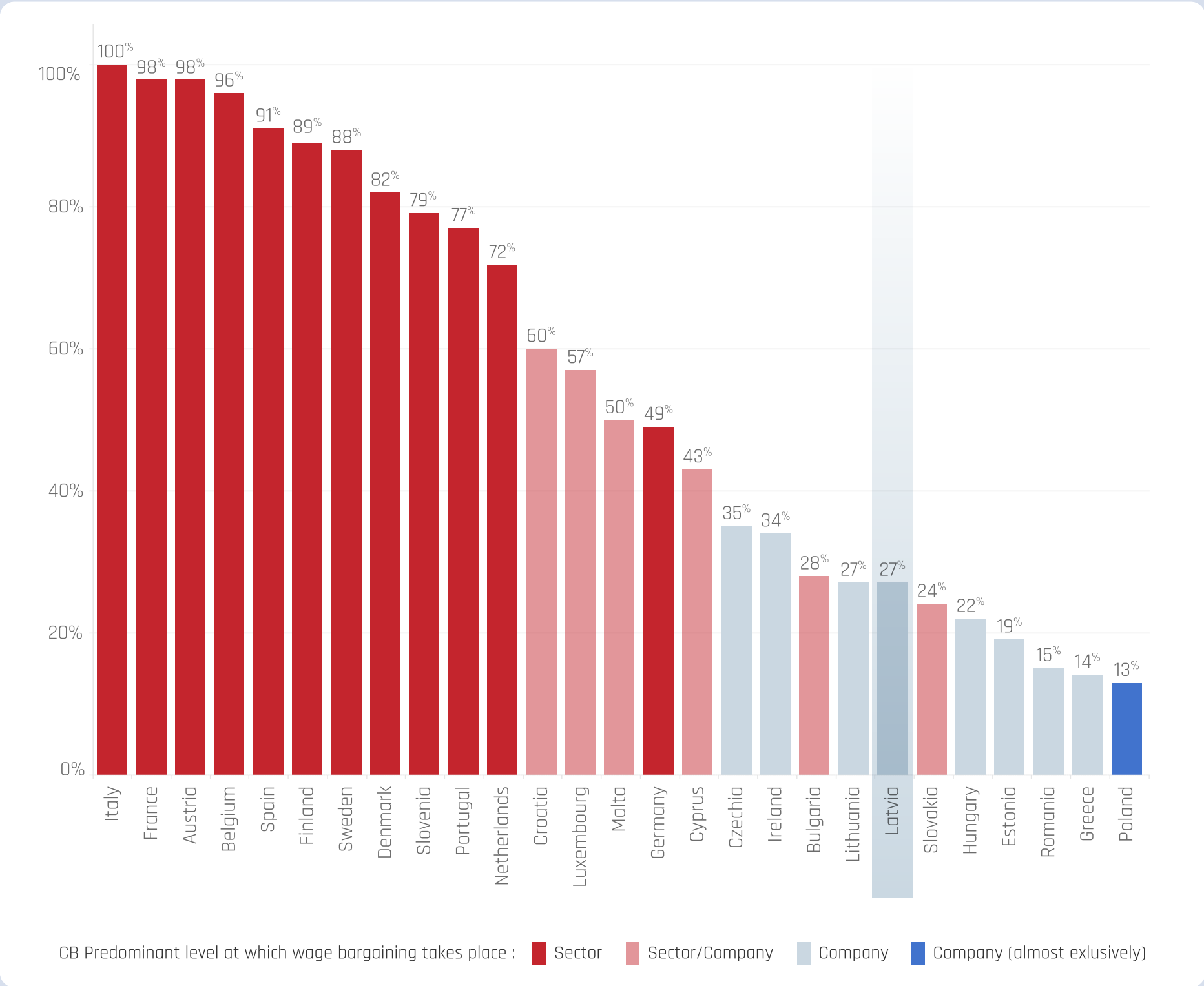
According to Section 11 (4) and (5) of the Labour Law, employee representatives, when fulfilling their duties, have the right to enter the premises of the undertaking, as well as workplaces and to hold meetings of employees there. Trade unions thus have right of access to workplaces, but there are challenges in enforcing this right.

Protection of workers and trade union representatives from dismissal and discrimination

Section 8 (2) and 11 (6) of the Labour Law state that an employee’s affiliation to a trade union, an employee’s wish to join a union or the performance of the duties of an employee representative may not serve as a basis for a refusal to enter into an employment contract, notice of termination of employment contract or other restrictions on the rights of an employee. In addition, Section 110 Labour Law prohibits employers from giving notice of termination of an employment contract to an employee who is a trade union member without prior consent of the relevant trade union if the employee has been a union member for more than six months.

At the same time, the Latvian legal system does not provide for criminal liability for various acts of interference in trade union work, for example, requiring trade union members to sign statements and terminate union membership under the threat of suspension or dismissal, pressuring them to distance themselves from trade unions or calling for the trade union leadership to be changed. In 2023, LBAS submitted a proposal to the Ministry of Justice to introduce administrative and criminal liability for the abovementioned violations of trade union rights.

CB Predominant level at which wage bargaining takes place per Country





Collective Bargaining system in Latvia

Obligation for employers to engage in collective bargaining with trade unions

An obligation to engage and respond to trade union proposals is established by the Labour Law. Section 21 lays down that an employer, employers’ organisation or federation of employers’ organisations may not refuse to enter into collective bargaining. Furthermore, the law sets a procedure for negotiations. A party that has been asked to enter into negotiations has to reply in writing within 10 days. The collective bargaining parties shall organise negotiations and agree on the procedures for the development and discussion of the draft collective agreement and may invite experts to participate in such negotiations, establishing working groups made up of an equal number of representatives of both parties. An employer, at the request of the employee representatives, also has the obligation to provide them with the information necessary for entering into a collective agreement.

Finally, if negotiations do not result in an agreement because of the objections of one party, this party has the obligation to reply in writing to the proposals expressed by the other party not later than within 10 days. If a draft of the whole collective agreement is received, a written reply detailing the objections to the draft and proposals shall be provided within one month.

In addition, Section 160 of the Labour Law provides for administrative responsibility for refusals to engage in collective bargaining negotiations. An employer, an organisation of employers or a federation of such organisations that refuses to enter into negotiations to conclude a collective agreement shall be subject to a warning or a fine. For natural persons the fine shall be €50 to €350, while for legal persons the fine shall be €350 to €700.

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

On 19 November 2024 the Cabinet of Ministers adopted Regulation No. 730 on the Procedure for Determining and Revising the Minimum Monthly Wage, transposing the Directive on Adequate Minimum Wages in the EU. As outlined above, Regulation No. 730 contains detailed provisions on the procedure and criteria for the setting and adjustment of the statutory minimum wage. It stipulates in particular that the statutory minimum wage should be at least 46 per cent of the average gross wage and take into account a range of macroeconomic indicators, including labour productivity, changes in the tax system and average changes in consumer prices. In July 2024, the Ministry of Welfare sent the social partners the draft Action Plan to improve collective bargaining. The draft Action Plan is prepared in the form of a tripartite agreement among the national level social partners, confirmed by the Cabinet of Ministers to ensure a binding obligation on the government. The social partners provided their first feedback on the draft Action Plan in September and the first discussions at the expert level were conducted on 10 October 2024.



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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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