

Minimum Wage & Collective Bargaining in Netherlands 2025

Latest update on 05/05/2025



Netherlands

Statutory Minimum Wage ✓

• Monthly Min. Wage 2313.00€

• Hourly Min. Wage 14.06€

49.00%

• MW as % of Median Wage

41.00%

• MW as % of Gross Average Wage

• Gender pay gap 13.00%

72.00%

• Collective bargaining coverage

• Process of transposition:
Parliamentary discussion started

↔ Compare with other countries



Minimum wage system in Netherlands

In 1946, immediately after the Second World War, trade unions and employers in the Netherlands agreed on a minimum wage sufficient for an unskilled worker and his family with two children living in a large city. In 1963 they agreed on a national minimum wage of 100 guilders per week (45 euros) for all male employees above 24 years of age. That amount was deemed sufficient for a decent life for a family with children. However, the social partners could not reach agreement about the indexation mechanism. The government therefore set new minimum wage levels in the following years. In 1965, the minimum wage was extended to female employees to comply with European Economic Community legislation on equal pay. In 1969, the Dutch government introduced a statutory minimum wage for all employees aged 24 and above (down to 23 years of age in 1970). Thus, the approximately 30 per cent of employees in the private sector who were not covered by a collective agreement were now also entitled to the minimum wage. The legal basis for the statutory minimum wage is the Act on the minimum wage and minimum holiday allowances ([Wet minimumloon en minimum vakantieuitkering](#), WML) of 1969, last amended in 2023.

Until recently, the statutory minimum wage was defined as a monthly, weekly or daily amount, depending on the payment period of the relevant company. Part-time employees received a pro rata amount.

Since 1 January 2024, the minimum wage has been defined on an hourly basis. The introduction of a minimum hourly wage implies that the weekly or monthly amount to which a full-time employee is entitled shall vary in accordance with the ‘usual’ working hours in a company or sector. The Act also stipulates that employees are entitled to a holiday allowance of 8 per cent of their wage.

Exceptions and deviations from the minimum wage

In the past, the statutory minimum wage did not apply to employees who worked less than one-third of the full-time working week. Consequently, many female workers who worked fewer than 13 hours a week were excluded from the minimum wage. This minimum number of working hours was abolished in 1993.

Although young people aged 15 or above are entitled to the statutory minimum, there is a very long tail of youth minimum wages, introduced in 1974. For young people from 15 to 22 years of age there is a separate minimum wage, defined as a fixed percentage of the adult minimum wage. In 2017, the age at which an employee is entitled to the adult minimum wage was lowered from 23 to 22 years, and in 2019 to 21 years as a result of collective action by the trade union FNV and youth organisations.

The minimum wage excludes overtime pay and other bonuses. Formally, the statutory minimum wage also applies to self-employed workers who are hired by a company to perform work, but not to self-employed entrepreneurs.

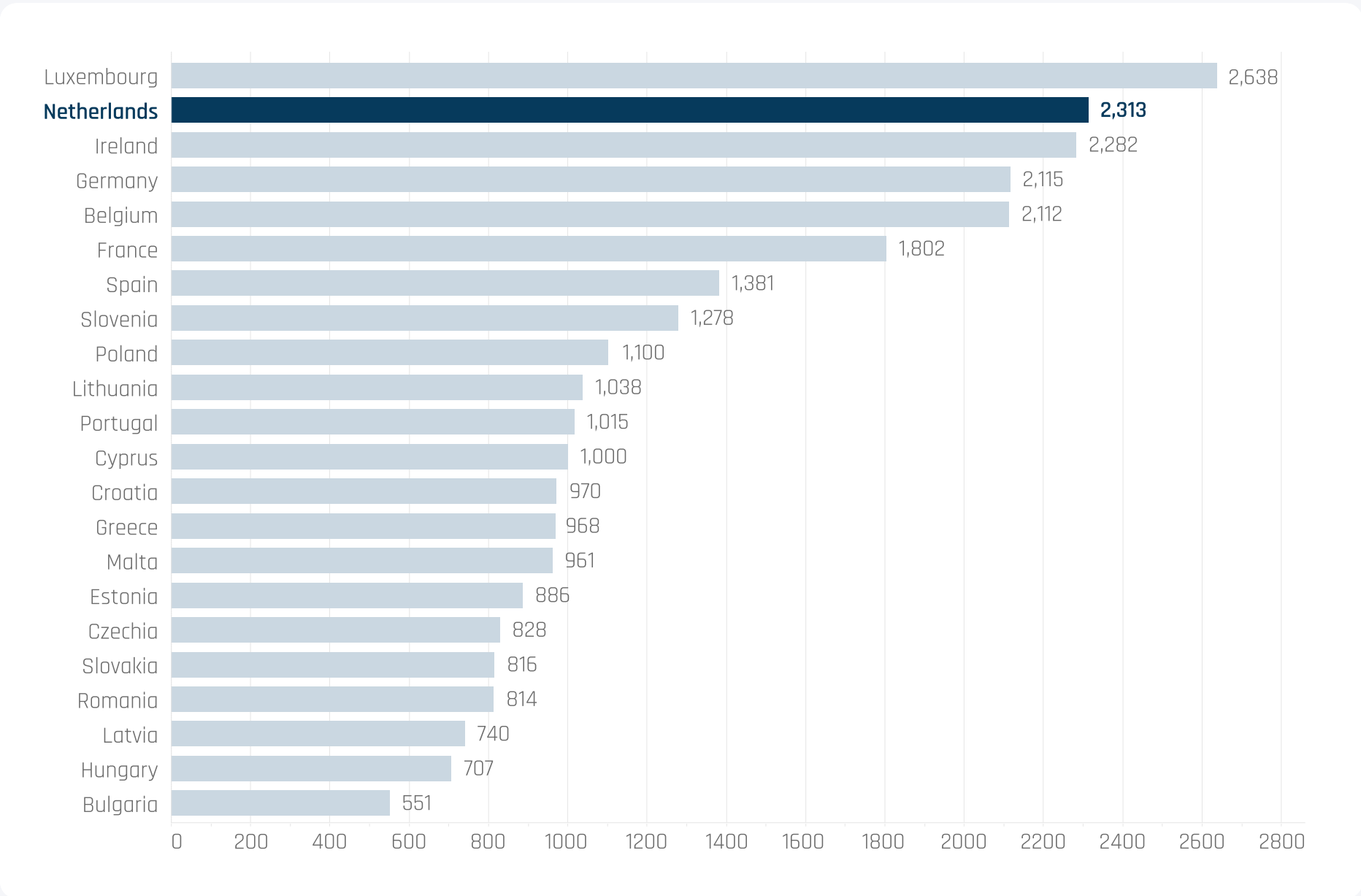
Mechanism of and criteria for minimum wage adjustment and setting

The indexation mechanism of the minimum wage was last changed in 1992 when the Act on indexation with the possibility of deviation ([Wet koppeling met afwijkingsmogelijkheid](#), WKA) came into force. This act stipulates that each year, on 1 January and 1 July, the level of the minimum wage is adjusted in accordance with the average percentage change in the preceding year of collectively negotiated gross wages. However, the minister can decide to deviate from this rule if ‘there is excessive wage development such that it can be expected to cause damage to employment or there is such a development of the volume of social security benefits that a significant increase in social contributions or taxation is necessary.’

Every four years, the Minister of Social Affairs and Employment decides ‘whether there are circumstances that justify a special change of the amounts’ of the minimum wage.

The minimum wage is also of crucial importance for the level of social benefits. Because the adult minimum wage is supposed to provide sufficient income for a family, the government decided in 1974 that all minimum benefit levels should be raised to the same level on a net-net basis and be linked to the minimum wage. Consequently, a change of collectively negotiated wages not only affects the statutory minimum wage but all minimum social benefits. Evidently, increasing the minimum wage thus has a great impact on government expenditures.

Monthly Minimum Wage (€) per Country



Wage inequality (inter-decile Ratio P90/P10)

3.10

Gender Pay Gap

13.00%

Nominal Growth rate of Wages

6.00%

In-work poverty rate

4.70%

Real Growth rate of wages

2.70%

% of workers covered by minimum wage

6.10%



Minimum wage system in Netherlands

Level of minimum wage

In 2023 the monthly statutory wage was 1,934.40 euros (€). In 2024, an hourly minimum wage of €13.27 was introduced. As of 1 January 2025, the amount is €14.06 for employees aged 21 or above. Youth minimum wages are much lower, starting from €4.22 at age 15 up to €11.25 at age 20. The indexation mechanism is supposed to keep the ratio between the level of the minimum wage and the average wage level at a fixed percentage. For two reasons, however, this ratio has fluctuated over time. The first reason is that the government has repeatedly used its authority to deviate from the automatic indexation mechanism.

In the mid-1970s, the minimum wage was raised more than the negotiated wages to compensate for the extra increases in the lowest wages agreed in many collective agreements. During most of the 1980s the indexation mechanism was disabled because of the unfavourable economic situation and the high unemployment rate. In 1984, the minimum wage – together with public sector wages and all social benefits – was even lowered by 3 per cent to reduce the towering government deficit. Again, the minimum wage was not fully adjusted to the negotiated wage growth in 1992 and frozen from July 1993 until January 1996 and in 2004 and 2005. Since then, the indexation has been applied in accordance with the law. In 2022, after a successful campaign by the FNV union to raise the minimum hourly wage to €14 (‘For 14’), the government decided to raise the minimum wage by 10 per cent as of 1 January 2023.

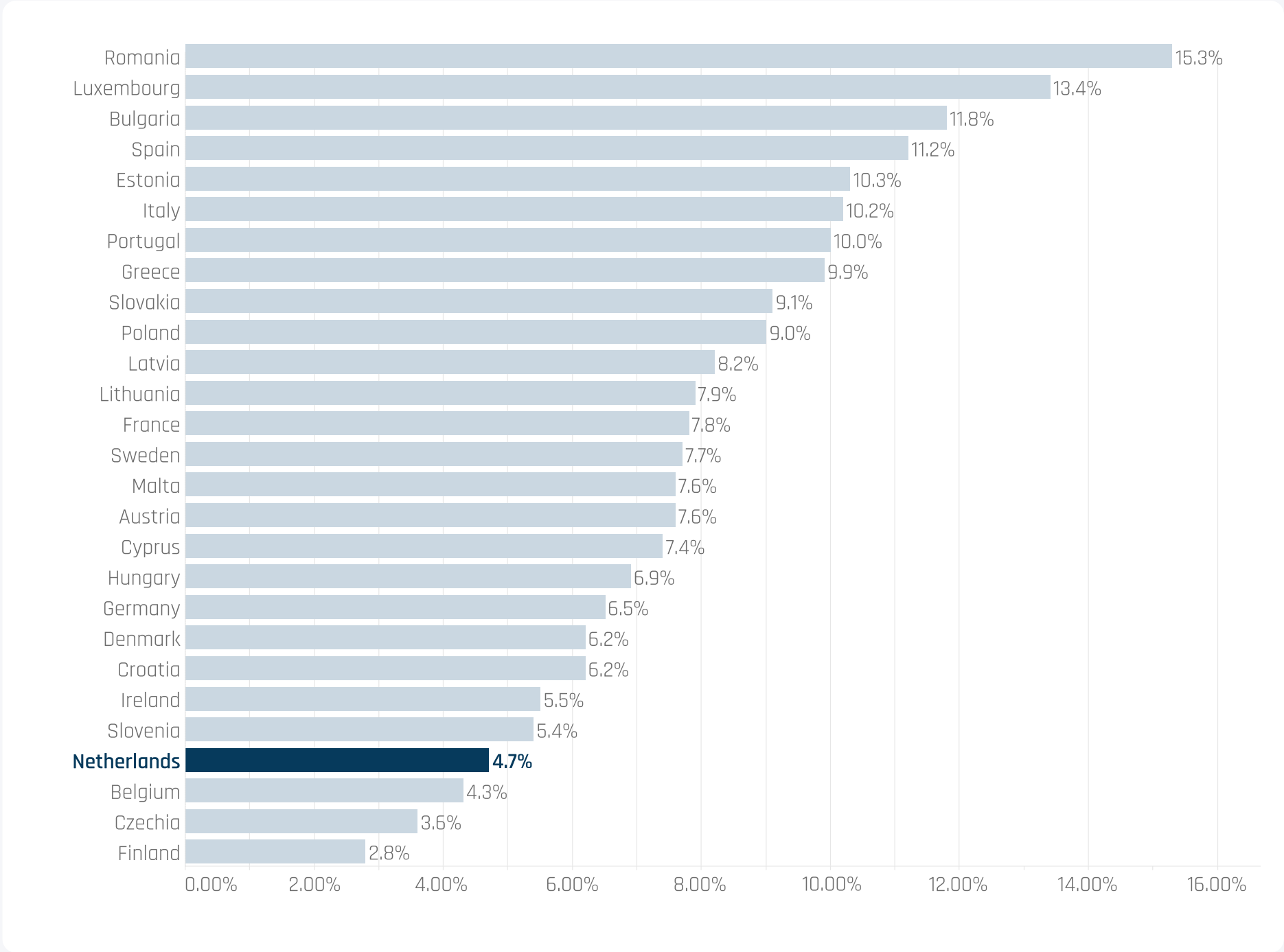
The second reason why the indexation mechanism does not result in a fixed ratio between the minimum wage and the average wage is that actually earned wages deviate from collectively agreed wages. Usually, negotiated wages lag around 0.5 per cent behind actual wages due to wage increases that are not part of the negotiated pay rise, for example, as a result of a promotion or a bonus. In 1969, the minimum wage amounted to 59 per cent of the mean wage level and 65 per cent of the median wage.

This relative level remained more or less constant during the 1970s. In the 1980s the relative level declined because of the cut in 1984 and the subsequent freeze of the minimum wage. In 1990, the relative level of the minimum wage fell to 51 per cent of the mean and 56 per cent of the median wage. During the 1990s and early 2000s, it declined further to 42 per cent of the mean and 49 per cent of the median in 2007, mainly because negotiated wages were lagging actual wages.

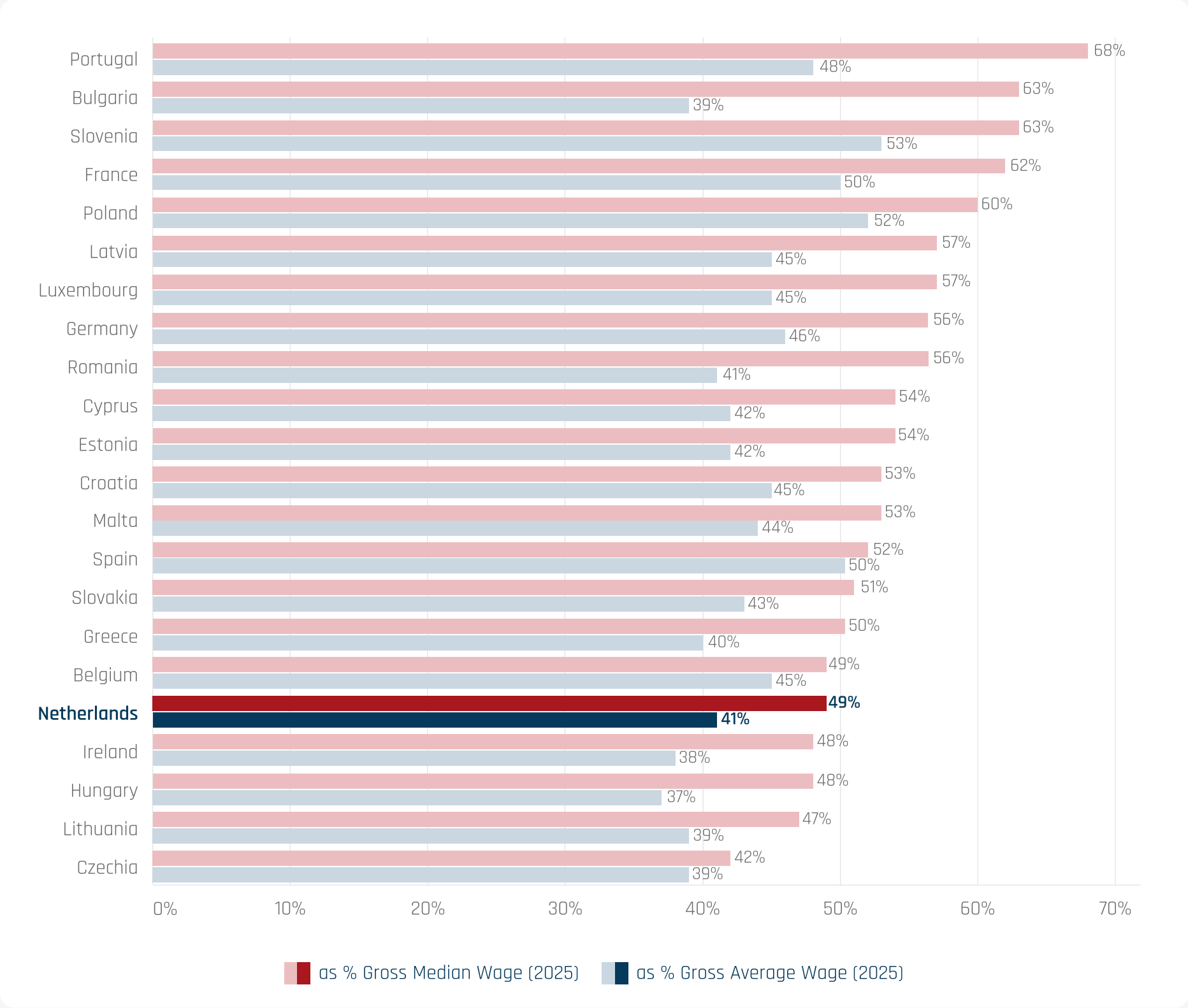
Since 2005, the relative level of the minimum wage has remained roughly stable. In 2023, it stood at 41 per cent of the mean and 49 per cent of the median. In real terms, taking inflation into account (using constant 2024 euros), the annual amount of the minimum wage increased from €19,800 in 1964 to €31,900 in 1979 and then declined again to a lowest level of €24,400 in 1997.

Since then, it has increased only slightly to €26,200 in 2023. Thus, in real terms, employees who earn the minimum wage nowadays earn 23 per cent more than in 1969, when the statutory minimum wage was introduced, and 18 per cent less than in 1979, when it reached its peak level.

In-work poverty rate (%) per Country



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





Collective Bargaining system in Netherlands

The legal basis for collective bargaining in the Netherlands is fairly limited. The most important legislation was enacted in the first half of the 20th century and has not changed fundamentally since then. It includes the Act on collective bargaining agreements (Wet cao) of 1927 and the Act on mandatory extension of the regulations of collective bargaining agreements (Wet avv) of 1937. The first act states that an employer or employers' association can conclude a collective agreement with any trade union, irrespective of the number of its members and its independence, which then basically applies to all employees of the (organised) employer(s). The Act on mandatory extension allows the Minister of Social Affairs and Employment to impose a sectoral (multi-employer) collective agreement on all companies in the sector if at least 55 per cent of the employees in the sector are already covered because they are employed by an organised employer. Although there are some additional conditions, in practice, mandatory extension is semi-automatic if the required threshold of 55 per cent is reached.

For a long time, around 80 per cent of all employees in the Netherlands were covered by a collective agreement. But since the beginning of this century, bargaining coverage has declined. In 2022 it stood at 72 per cent. There is substantial variation in bargaining coverage between sectors. There is nearly full coverage (90–100 per cent) in the public sector, such as health care, education, state government and local government. Agriculture, manufacturing, construction, accommodation and food service activities also have high bargaining coverage (around 70–80 per cent). But bargaining coverage is below 20 per cent in mining, information and communication and in professional, scientific and technical activities. It lies between 40 and 50 per cent in financial and insurance activities, real estate activities, and arts, entertainment and recreation. Although the number of company agreements (489 in 2023) is much larger than the number of sectoral agreements (178 in 2022), the latter are much wider in scope. Hence, nine out of ten employees to which a collective agreement applies are covered by a sectoral agreement. This ratio has not changed much in recent decades.

According to a recent study, the main cause of the decline of bargaining coverage from 75.8 per cent in 2010 to 71.8 per cent in 2022 is probably a decline in membership among employers. Although there are no exact figures on 'employer density' – the share of people employed by an employer that is a member of an employers' organisation – this density is estimated to have declined from 67 per cent in 2010 (and probably even higher in earlier years) to 54 per cent in 2021. In particular in rapidly growing sectors with a large share of start-ups, such as information and communication, an increasing share of employees are employed by a non-organised company. This may be because new companies often do not join an employers' organisation or because non-organised companies grow faster than organised ones. Simultaneously, in sectors in which bargaining coverage is high and relatively stable, such as manufacturing, transport and construction, employment is stagnating. The exception to this are public services, such as education, health care and public administration, which combine high and stable bargaining coverage with steady employment growth.

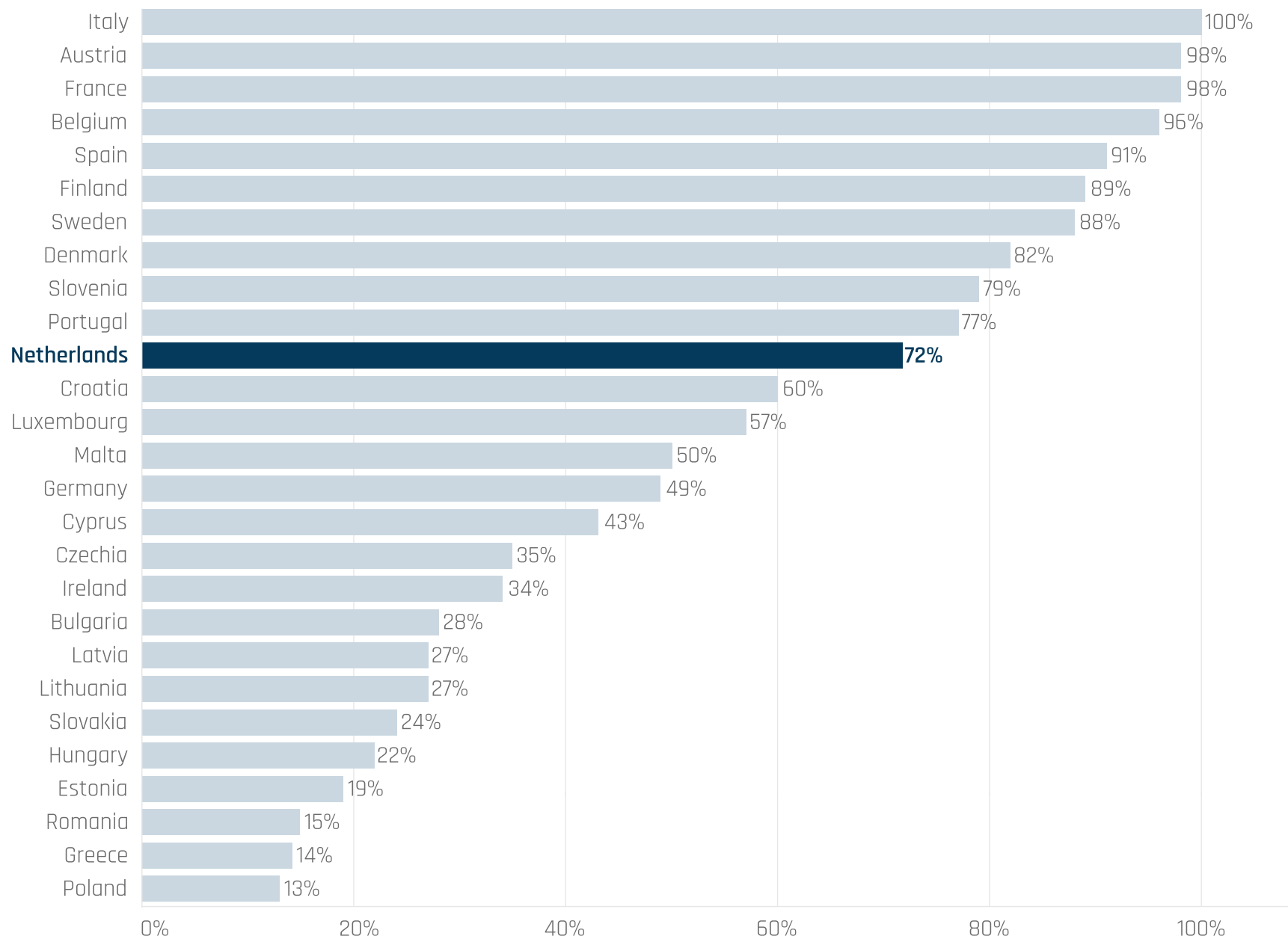
Collective Bargaining Coverage
72.00%

Trade Union Density
15.40%

Extension Mechanism
Frequent extension

Valididy of Collective Agreements after expirations?
Yes

Collective Bargaining Coverage per Country (%)





Collective Bargaining system in Netherlands

Validity of collective agreement after expiry

In general, collective agreements still apply after expiry, although this is not a legal requirement. This is because in most companies and sectors the collective agreement is explicitly included in the individual employment contract (so-called incorporation). Because the individual contract does not change as the collective agreement expires, the old agreement remains still valid. However, contractual wages are ‘frozen’ until a new collective agreement comes into force.

Self-employed or own-contract workers – an increasing proportion of the labour force – are usually not covered by collective agreements, although there are some exceptions (for example, independent architects).

Collective bargaining clauses in public procurement

To date, public procurement does not include clauses on collective bargaining. The reason is that collective bargaining is considered to be purely voluntary and therefore should not be required by the government.

Exclusion of certain groups of employees from bargaining

Basically, all employees are included in collective bargaining, but in many collective agreements top management executives are explicitly excluded. Moreover, temporary agency workers are formally not covered by the collective agreement of the hiring firm but by a special collective agreement for the temporary work agency sector. Nevertheless, this agreement stipulates that agency workers are entitled to the same wage as similar permanent staff of the hiring firm (but not to other terms of employment).

Right of access to workplaces for trade unions

There is no legal right for unions to access the workplace. This is because, in general, unions do not have a position within companies, which is the domain of works councils. Nevertheless, many collective agreements include facilities for trade union activities at the workplace, such as meeting rooms and means of communication.

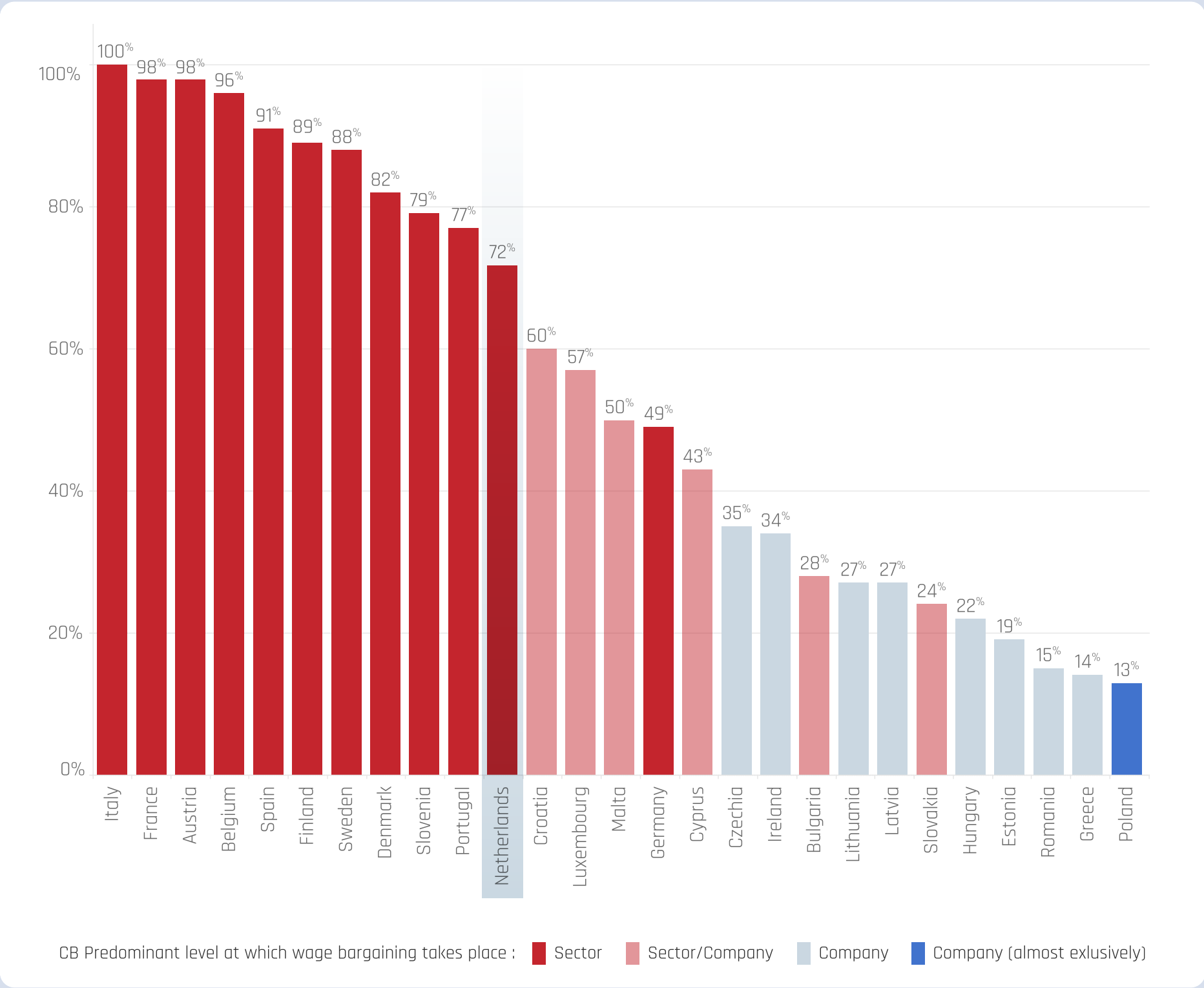
Protection of workers and trade union representatives from dismissal and discrimination

There is no legal protection of union members and/or union representatives from dismissal and discrimination. However, for a slight majority of employees who are covered by a collective agreement, the agreement includes a clause on protection of union members against dismissal and detrimental treatment.

Obligation for employers to engage in collective bargaining with trade unions

Because the Dutch industrial relations system has a strong voluntary character, there is no obligation for employers to engage in collective bargaining with trade unions. If a company that is not covered by a mandatorily extended sectoral agreement refuses to negotiate with a union, the union can try to force the employer to start negotiating only by means of industrial action, such as a strike. However, this seldom happens because, on one hand, most employers are willing to engage in collective bargaining, and, on the other, unions are often too weak to force an employer to sit down at the bargaining table.

CB Predominant level at which wage bargaining takes place per Country





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

On 23 April 2024, the government submitted a law to Parliament to adapt the Act on minimum wages to the European Directive. The government proposed a minimal adjustment by adding four criteria to the law that will be used in assessing the level of the minimum wage every four years: the purchasing power of the minimum wage, the general level and distribution of wages, the percentage wage growth, and the level and evolution of productivity. The law passed the Second Chamber of Parliament on 8 October 2024, but the First Chamber decided to postpone the vote until there is more clarity on the competence of the European Union.

In the spring of 2025, the government had not taken any concrete measures to implement the requirements of the Directive regarding collective bargaining. On 19 November 2024, the Minister of Social Affairs and Employment informed Parliament that he had started an ‘exploration’ of the current state of the collective bargaining system by consulting representatives of trade unions and employers’ associations and a number of experts. He intends to inform Parliament further in the middle of 2025.



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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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