WAGE-UP

Minimum Wage & Collective Bargaining in Germany 2026

Germany

Statutory Minimum Wage

Monthly Min. Wage	2293.50€
Hourly Min.Wage	13.90€

51.00%
MW as % of Median Wage

47.00%
MW as % of Gross Average Wage

Gender pay gap	15.60%

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

Latest update on April 2026

Torsten Müller, European Trade Union Institute (ETUI)

Minimum wage regime 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%) 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 (March 2026) the hourly minimum wage was 13.90 euros (€) and on 1 January 2027 it will increase to €14.60.

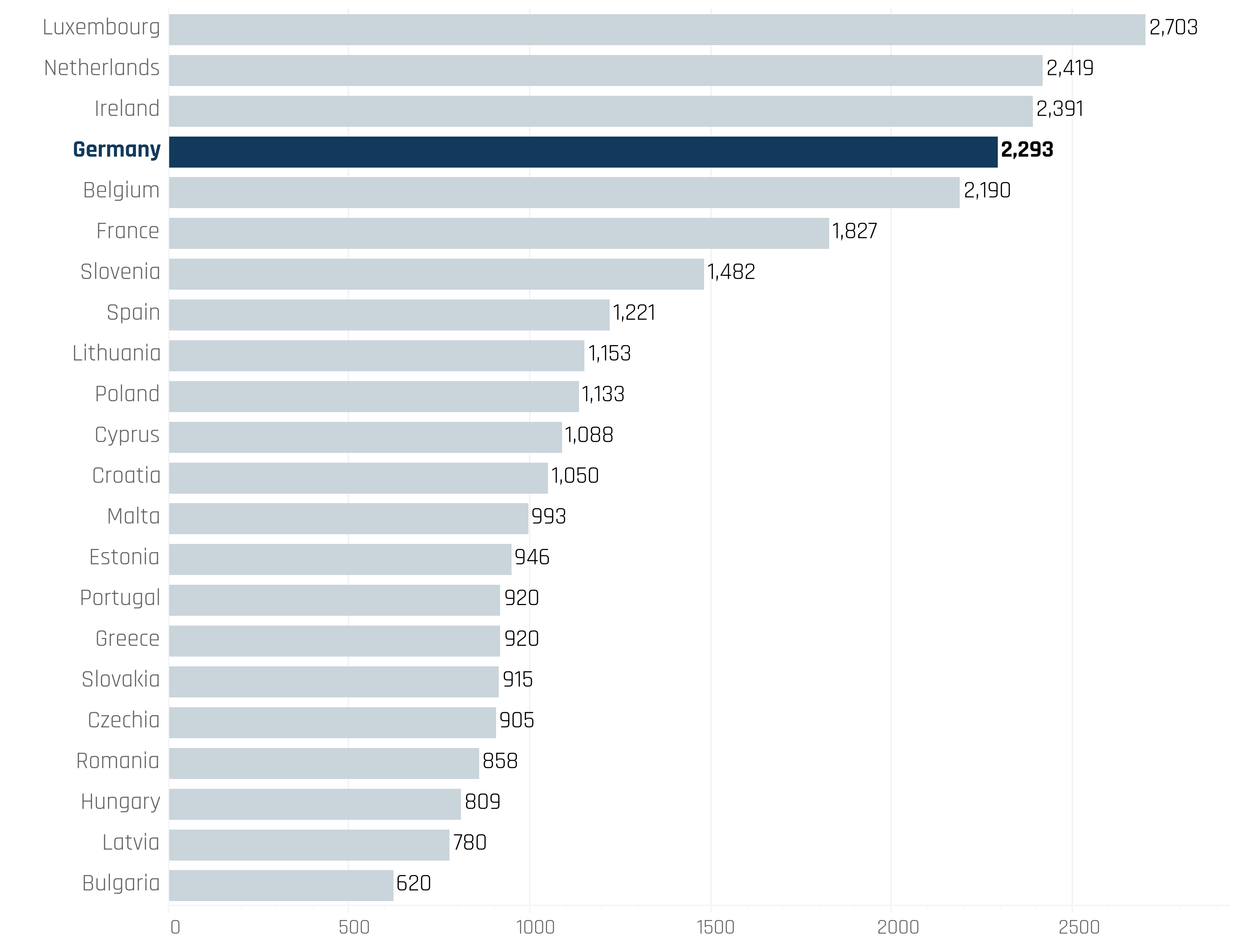
The corresponding monthly minimum wage calculated on the basis of a 38 hour week and 165 hours per month is €2,293.50 (1 January 2026) and €2,409 (1 January 2027). However, three groups of employees in particular are still explicitly excluded from the scope of the minimum wage. These include young people 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 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. 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% 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.

Monthly Minimum Wage (€) per Country



Statutory Minimum Wage Yes	Real Growth rate of wages 6.00%
% of workers covered by minimum wage 8.00%	Nominal Growth rate of Wages 8.40%

Minimum wage regime in Germany

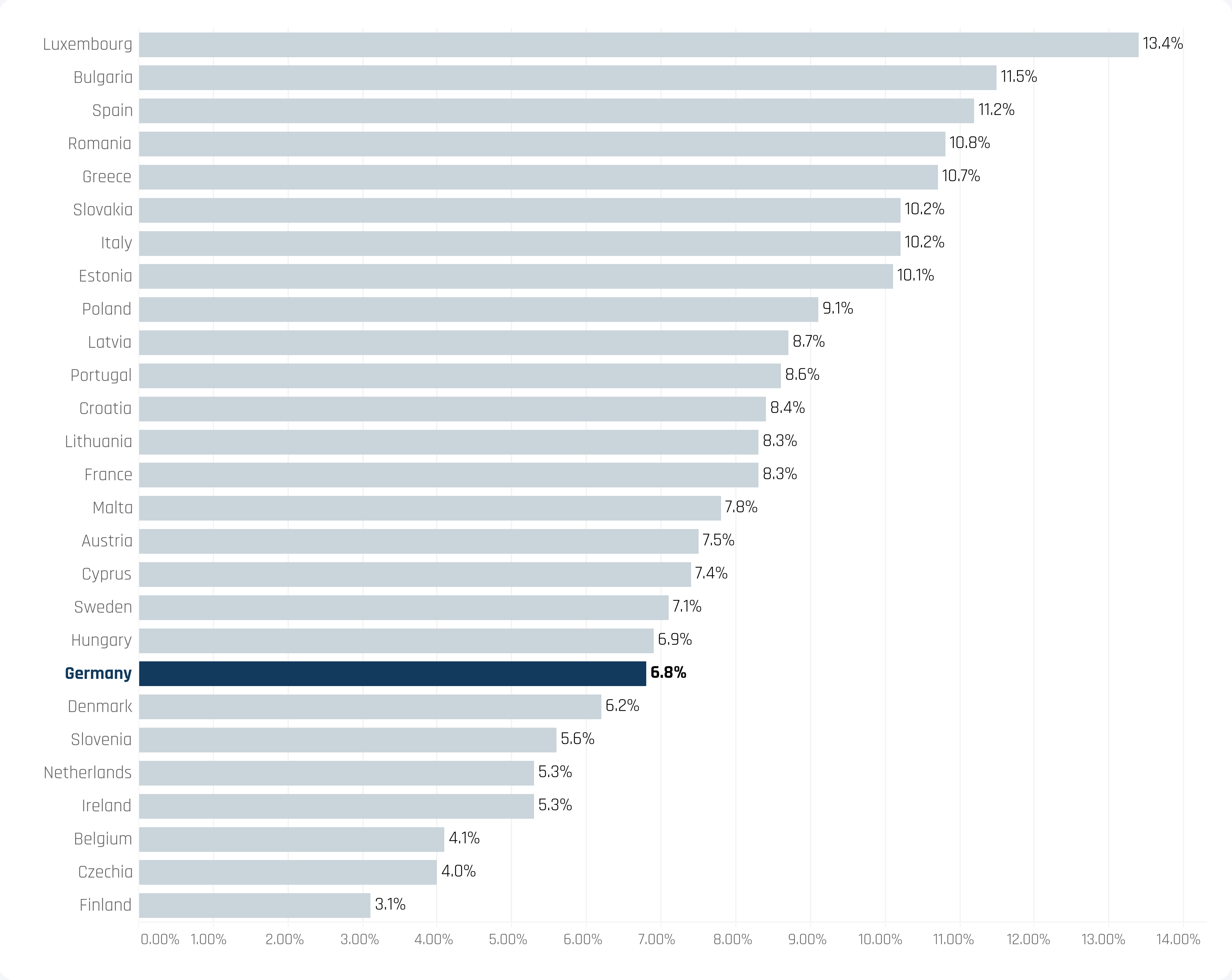
When the statutory minimum wage was introduced in 2015, it was set at a fairly low level of €8.50, which at the time amounted to 48% of the median gross wage and 43% of the average gross wage. In the following years until 2022, minimum wage growth was fairly modest with an average annual increase of 2.1%. 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 than 22% from €9.82 to €12.

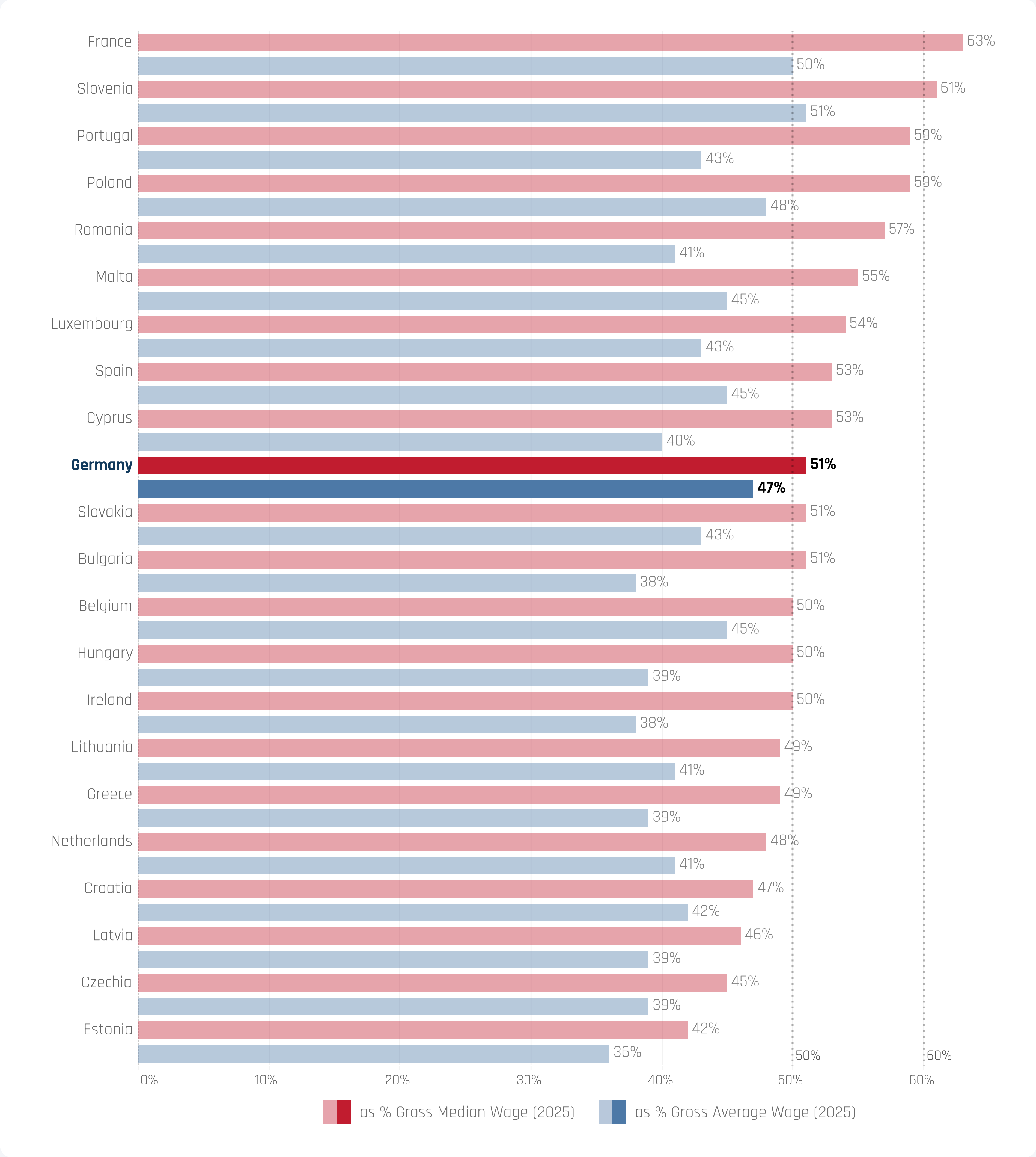
This was done with explicit reference to the indicative reference values mentioned in the European Minimum Wage Directive of 60% of the gross median and 50% of the gross average wage. This exceptional increase is reflected in the growth of the relative value of the minimum wage, which in 2023 was 52%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

As a consequence of the comparatively modest increase of the minimum wage by only 3.4% to €12.41 in 2024, the relative value of the minimum wage in 2024 was 51% of the median wage and 47% of the average wage.

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% in 1996 to 49% in 2024. Of the 49% of employees covered by a collective agreement, 41% 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 2023, only 22 of the 2,367 (that is, 0.9%) newly registered sectoral collective 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 not to extend the sectoral agreement against the wishes of its own sectoral affiliate.

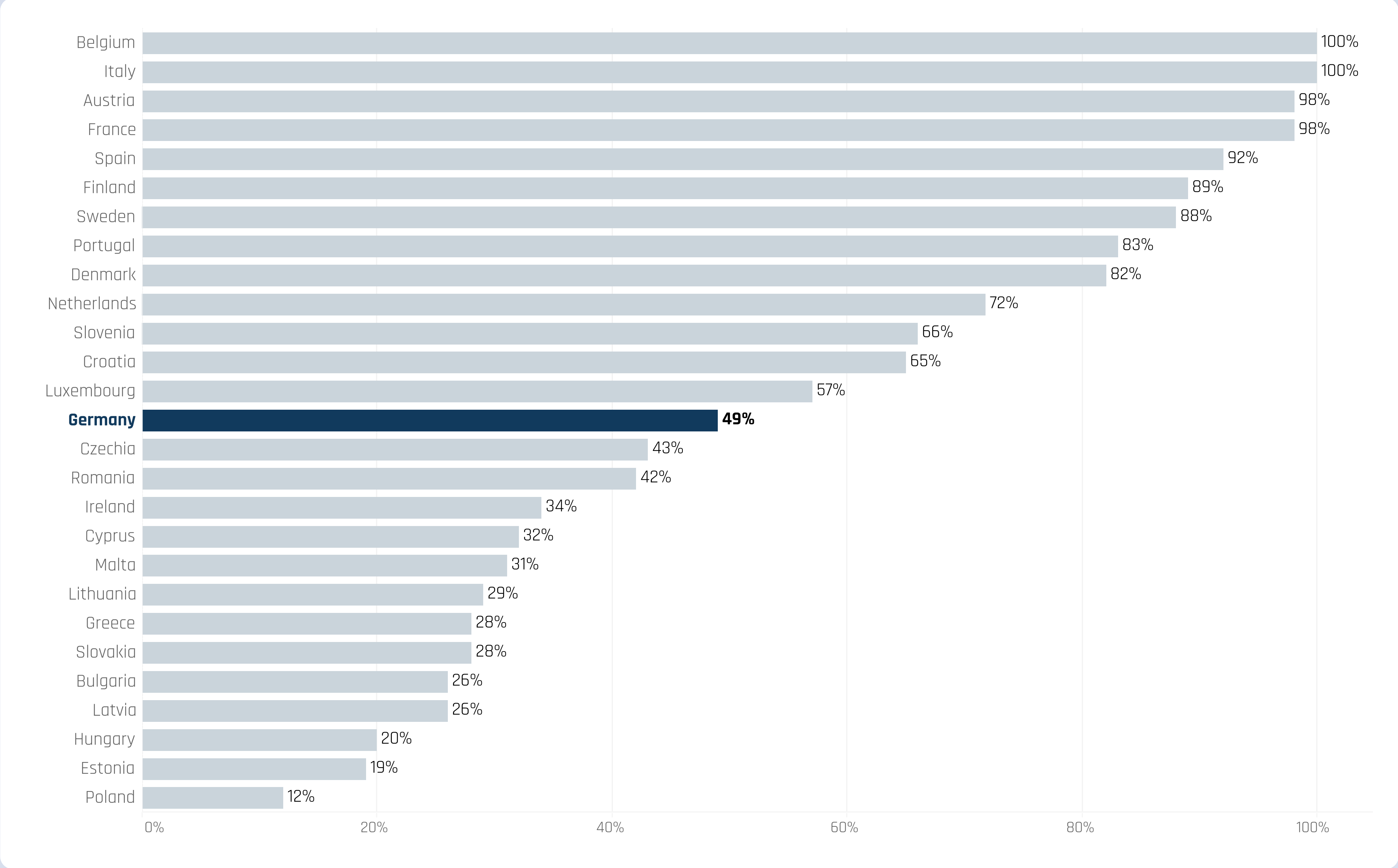
Other structural key features of the German collective bargaining regime include the following:

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

Collective Bargaining Coverage per Country (%)



Collective Bargaining system in Germany

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.

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.

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.

Collective bargaining clauses in public procurement

In the past, such clauses, which ensure that public contracts are awarded only to companies that apply the provisions of the collective agreement in the respective sector, existed only at the level of the federal states. In February 2026, however, the German parliament adopted a federal law on public procurement (Bundestariftreuegesetz), according to which public contracts at federal level will be awarded only to companies that comply with basic collectively agreed standards. The objective of this law is to compensate for possible cost disadvantages of companies bound by collective agreements in the competition for public contracts. While the unions in principle welcome the new law, they have criticised the threshold of €50,000 below which the law is not applied. They consider it to be too high. As a result, about a quarter of all public contracts are not covered by the law. They have also criticised the exclusion of defence spending and delivery services from the law. The unions also emphasise that more effective monitoring and sanction mechanisms would be necessary for the law to be fully effective.

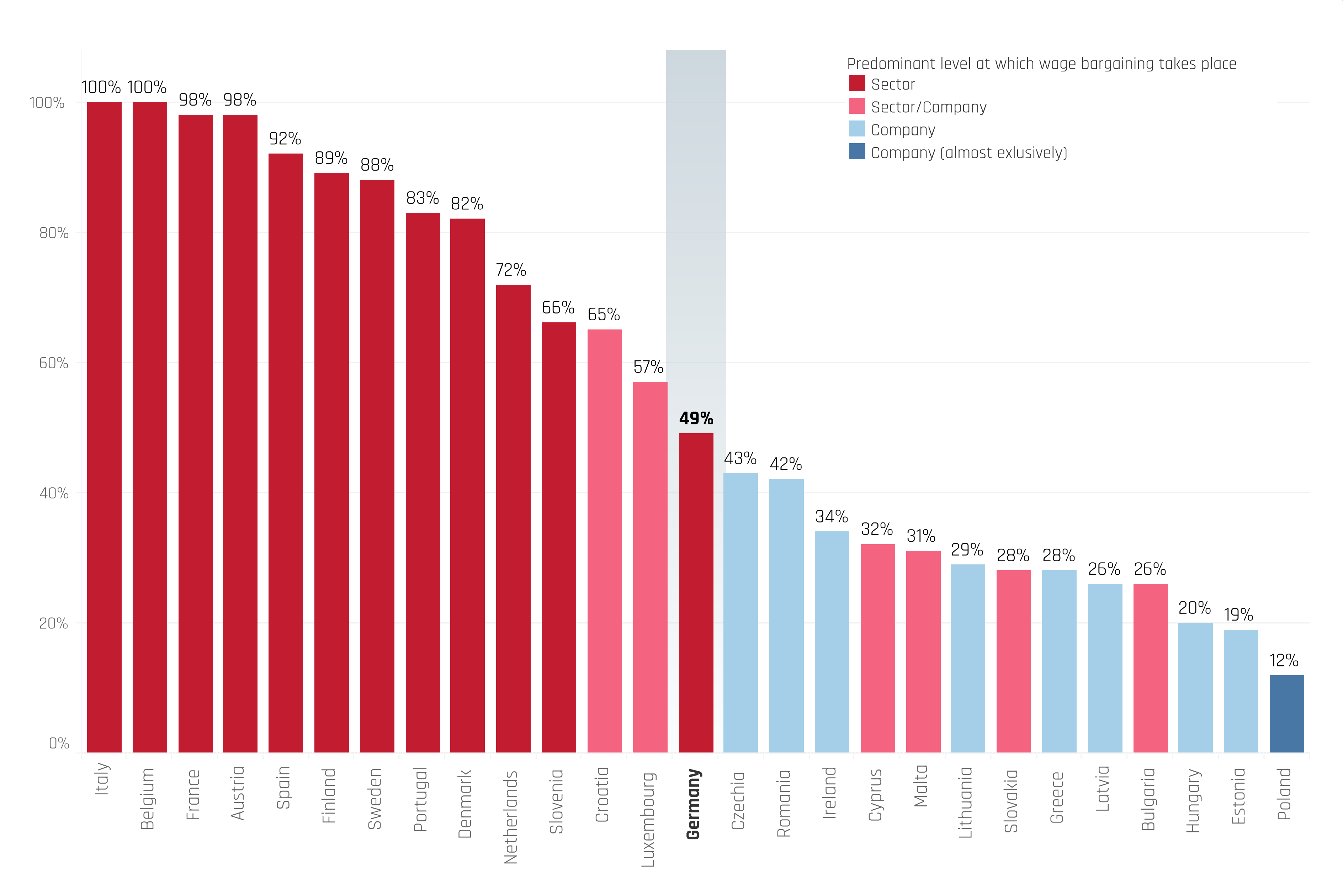
Collective Bargaining Coverage
49.00%

Trade Union Density
14.10%

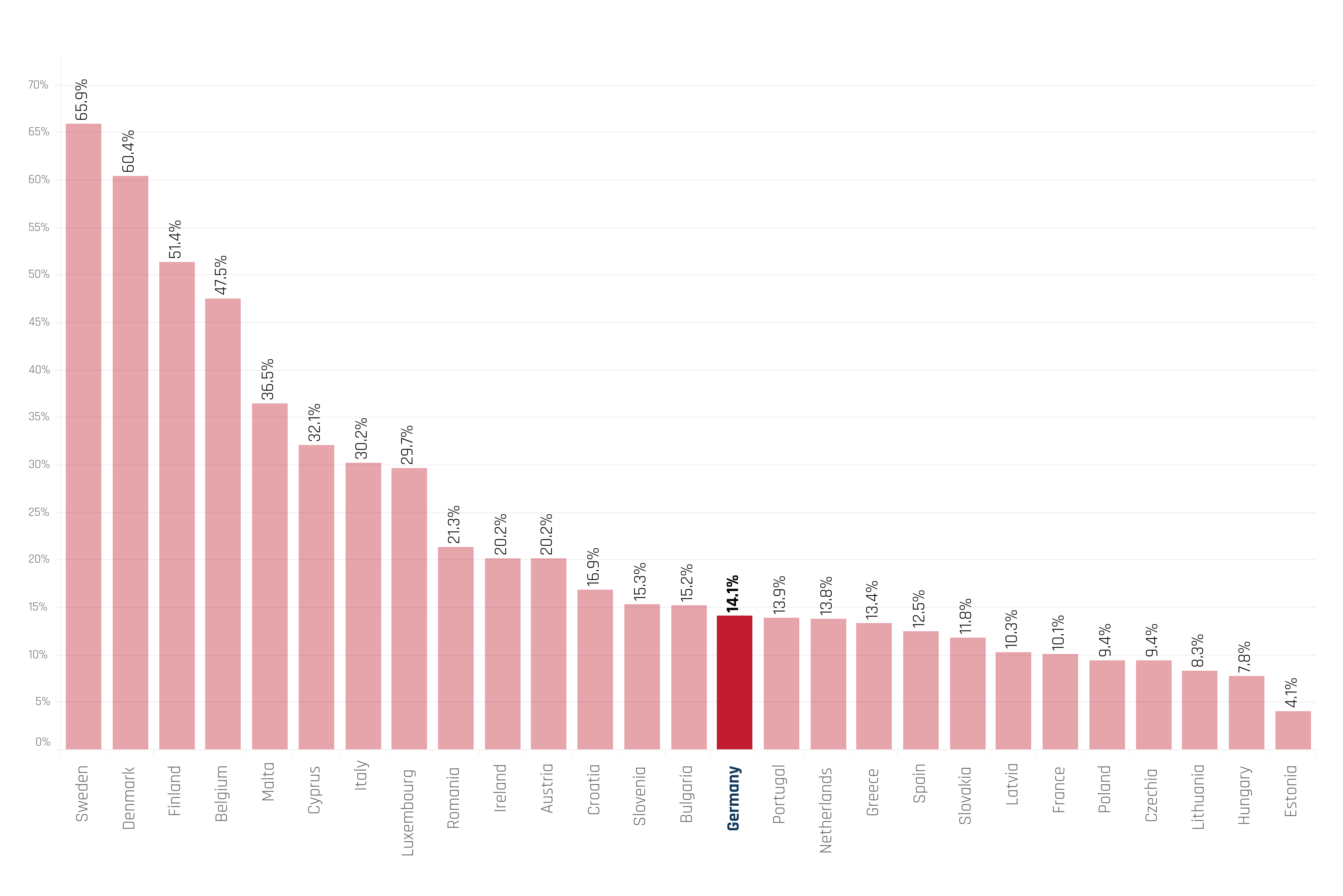
Extension Mechanism
Rare Extension

Valididy of Collective Agreeements after expirations?
Yes

CB Predominant level at which wage bargaining takes place per Country



CB Trade Union Density (%) for each 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% 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.

Because bargaining coverage in Germany is below 80%, the German government is required by the Directive to establish an action plan to promote collective bargaining. At the time of writing in March 2026, however, there was not even a draft action plan. In July/August 2025 the Ministry of Labour asked unions and employers' organisations for written statements on a potential action plan. All official statements can be found here. In November 2025 there was an official meeting of the Ministry of Labour with representatives of the peak-level trade union and employers' organisations, DGB and BDA.

It became clear at this meeting that the views of both sides are still too far apart to enable them to reach agreement on the action plan. Following this meeting, the Ministry of Labour announced that the government would adopt an action plan before Christmas, but this did not happen. In January and February 2026, the adoption of the action plan was put on the agenda of government cabinet meetings several times but was repeatedly withdrawn at short notice.

Although no action plan has yet been adopted, two measures have already been implemented with the aim of promoting collective bargaining. The first is the adoption of the federal law on public procurement, already mentioned. The second is a provision that makes trade unions fees fully tax-deductible, which Parliament adopted in December 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/

See All Countries