WAGE-UP

Minimum Wage & Collective Bargaining in Luxembourg 2026

Luxembourg

Statutory Minimum Wage

- Monthly Min. Wage: 2703.74€
- Hourly Min.Wage: 15.63€

54.00% — MW as % of Median Wage

43.00% — MW as % of Gross Average Wage

- Gender pay gap: -0.80%

57.00% — Collective bargaining coverage

- Process of transposition:
  Draft legislation published - discussions ongoing
  Not transposed yet

Compare with other countries

Latest update on April 2026

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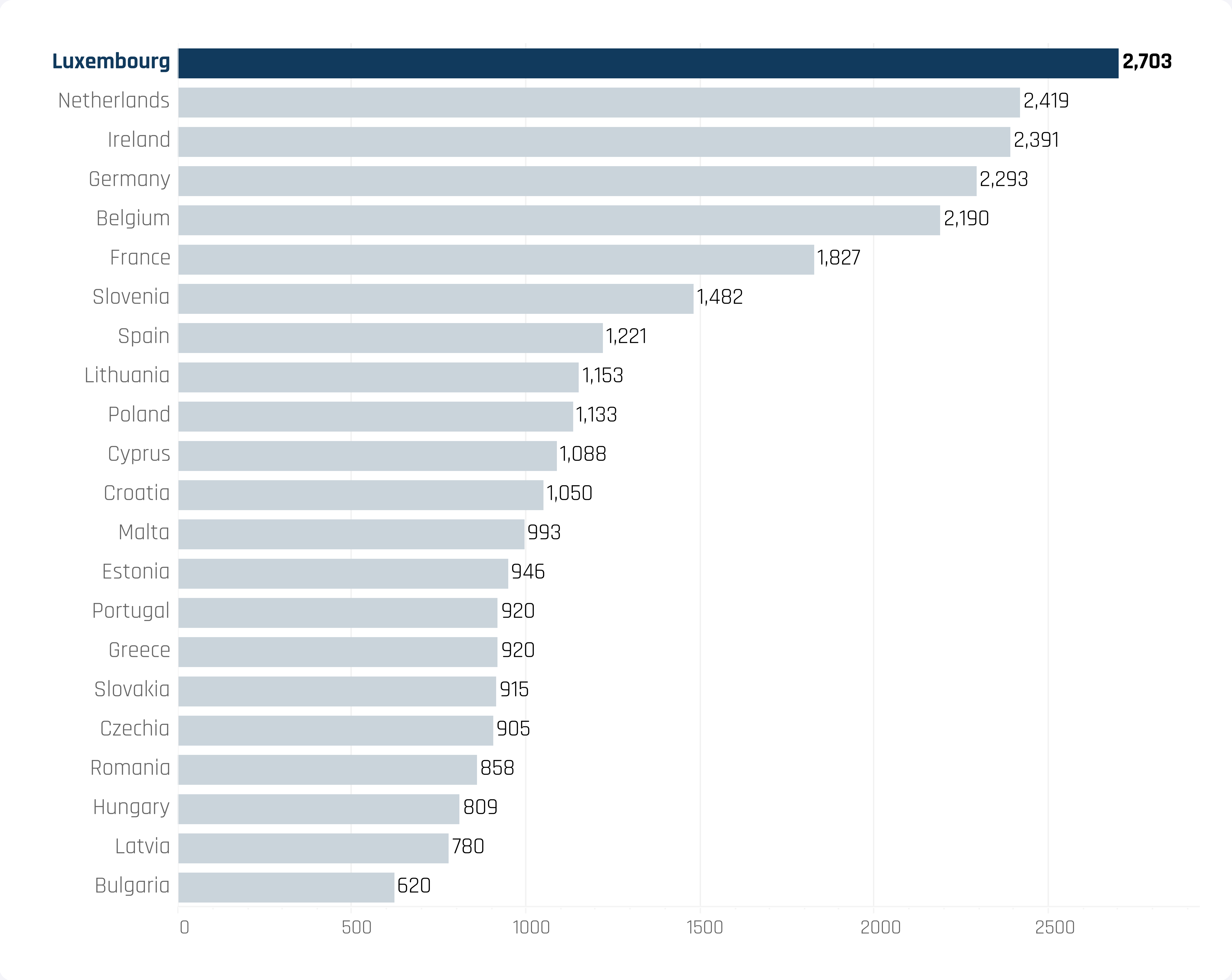
Minimum wage regime in Luxembourg

Luxembourg has one of the oldest minimum wage regimes in Europe, dating back to a decree of 30 December 1944. The legal basis of the current minimum wage system in Luxembourg is the Minimum Wage Act of 12 March 1973, whose provisions were incorporated into the general Labour Code (Code du Travail) in 2006. Luxembourg's 'social minimum wage' (salaire social minimum) is set by law and adjusted every two years. It applies to all workers aged 18 and older. Younger employees receive a reduced youth minimum wage: those aged 17 to 18 years earn 80% of the adult minimum wage, while those under 17 receive 75%. The law also provides for a specific higher minimum wage for skilled workers (120% of the regular minimum wage).

The level of the minimum wage in Luxembourg is influenced by two mechanisms: the evolution of the average wage level and the automatic wage indexation mechanism. Every two years, the government must present a report to parliament on general wage trends in Luxembourg. Based on this report, the government is required to make a recommendation on whether the minimum wage should be raised. If average wages have increased more than the minimum wage, the latter may be adjusted to cover all or part of this gap. Given that Luxembourg is one of the few European countries that still has automatic wage indexation, the minimum wage is also adjusted in accordance with the evolution of inflation. Through the automatic wage indexation mechanism, all wages, including the minimum wage, are adapted whenever the consumer price index increases by more than 2.5%.

Monthly Minimum Wage (€) per Country



Minimum wage regime in Luxembourg

As of 1 May 2025, the regular gross minimum wage for unskilled employees is 2703.74 euros (€) per month. For skilled employees with recognised qualifications or experience it is €3244.48. Based on a 40-hour week, this corresponds to a minimum wage of €15.63 per hour for unqualified workers and €18.75 for qualified workers. Despite having the highest minimum wage in Europe, Luxembourg continues to face a significant issue with 'in-work poverty' among households that depend on the minimum wage. In 2024, 14.2% of employees in the country were at risk of poverty.

According to OECD data, in 2024 the minimum wage stood at 54% of the median wage in Luxembourg and 43% of the average. The minimum wage stands at 88% of the reference budget calculated by the national statistical office Statec as sufficient to make a decent life possible. The statutory minimum wage is all the more important to ensure the functioning of the labour market and prevent wage dumping, given the relatively low collective bargaining coverage of 59% in Luxembourg.

Statutory Minimum Wage

Yes

Real Growth rate of wages

-0.20%

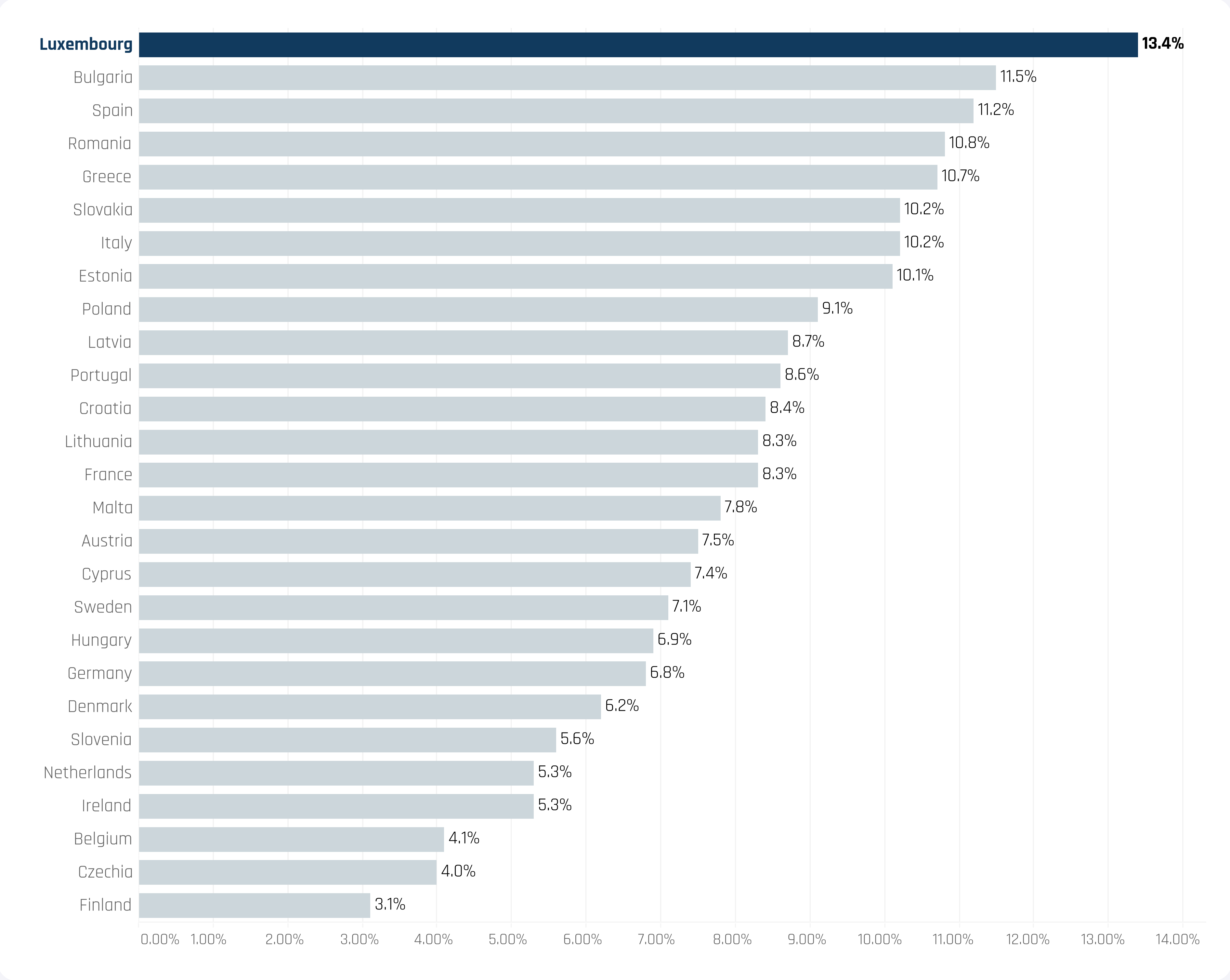
% of workers covered by minimum wage

7.40%

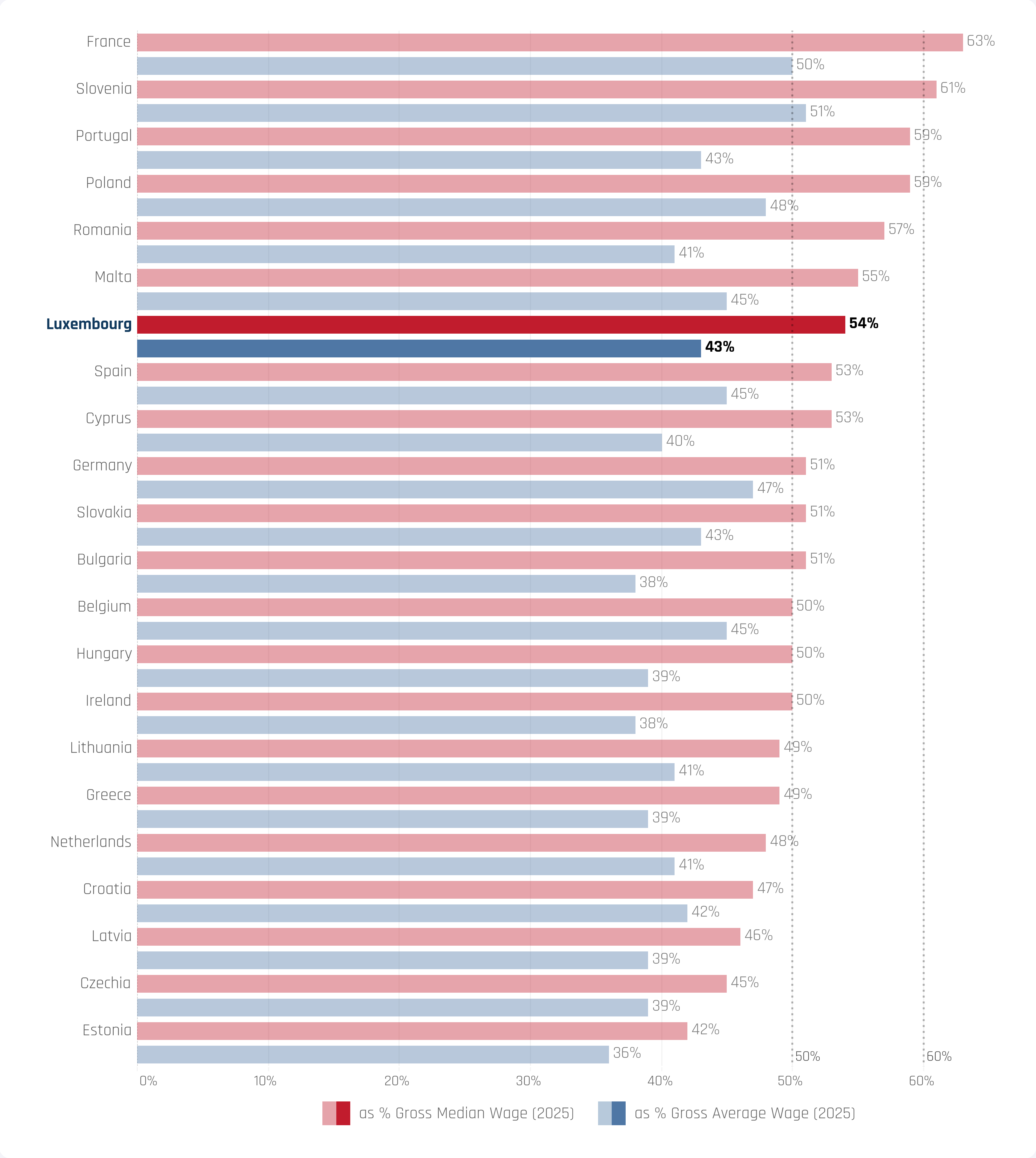
Nominal Growth rate of Wages

2.40%

In-work poverty rate (%) per Country



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



Collective Bargaining system in Luxembourg

Collective bargaining in Luxembourg has long been characterised by relative stability. The current provisions related to collective labour agreements stem mainly from the laws of 12 June 1965, 12 February 1999 and 30 June 2004.

Since the enactment of the Labour Code in 2006, no major new regulations have significantly impacted these provisions. Luxembourg's labour law governing collective bargaining borrows essential principles and characteristics from two very distinct legal systems, the German and the French. For instance, Luxembourg labour law has adopted the concept of social peace and the legality of lockouts from German law, and the obligation for employers to negotiate from French law. Luxembourg's collective labour law thus attempts to strike a balance between the German model of collective bargaining autonomy (Tarifautonomie) and the French model, which involves significant state intervention.

The trade unions categorised as representative have the sole right to conclude collective agreements at the different levels, including the company. State intervention in collective bargaining occurs through the validation of collective agreements and dispute settlement. Collective agreements negotiated between trade unions and employers have to respect a number of formalities, and must be filed with the Labour and Mines Inspectorate for approval by the Ministry of Labour.

Collective agreements can be concluded at different levels, primarily the sectoral and company levels. Legal provisions make it possible to extend collective agreements at sectoral level. Extension takes place through a declaration of 'general obligation' by the Ministry of Labour. If a collective agreement is extended by law it applies to all companies in a given sector, industry, occupation or type of activity. Currently, a significant number of agreements have been extended, such as for construction, banking, insurance and private security services, and for particular occupations, such as taxi drivers and electricians.

Collective bargaining coverage has decreased only slightly over recent decades. According to OECD estimates, the coverage rate of collective agreements in Luxembourg decreased from 60% in 2000 to 58% in 2010 and then 57% in 2022 (59% according to Statec). Significant sectoral disparities are notable with regard to collective agreement coverage. Coverage is high, or even very high, in public administration and education, health care and social work, transportation and construction. In contrast, coverage is low or very low in sectors such as retail, hotels and restaurants or in professional and scientific activities, such as legal, accounting or research. Often, sectors with low coverage rates also have low unionisation rates, such as retail or the restaurant and hospitality sector. According to the national statistical office, the coverage rate has remained relatively stable across most sectors of Luxembourg's economy over the past decade.

The collective agreement coverage rate also varies according to company size. The larger the company, the more likely it is that its employees are covered by a collective agreement. The coverage rate ranged in 2010 from 30% for companies with 10 to 49 employees to 79% for companies with over 1,000 employees.

Other key structural features of the Luxembourg collective bargaining regime include:

Validity of collective agreement after expiry: A collective agreement, lasting between six months and three years, can be terminated in whole or in part with a notice period of three months. If not terminated before expiry, it is automatically extended indefinitely but can still be ended with proper notice. Negotiations for a new agreement must start at least six weeks before the current agreement expires, and the terminated agreement remains valid until a new one takes effect or up to 12 months after termination.

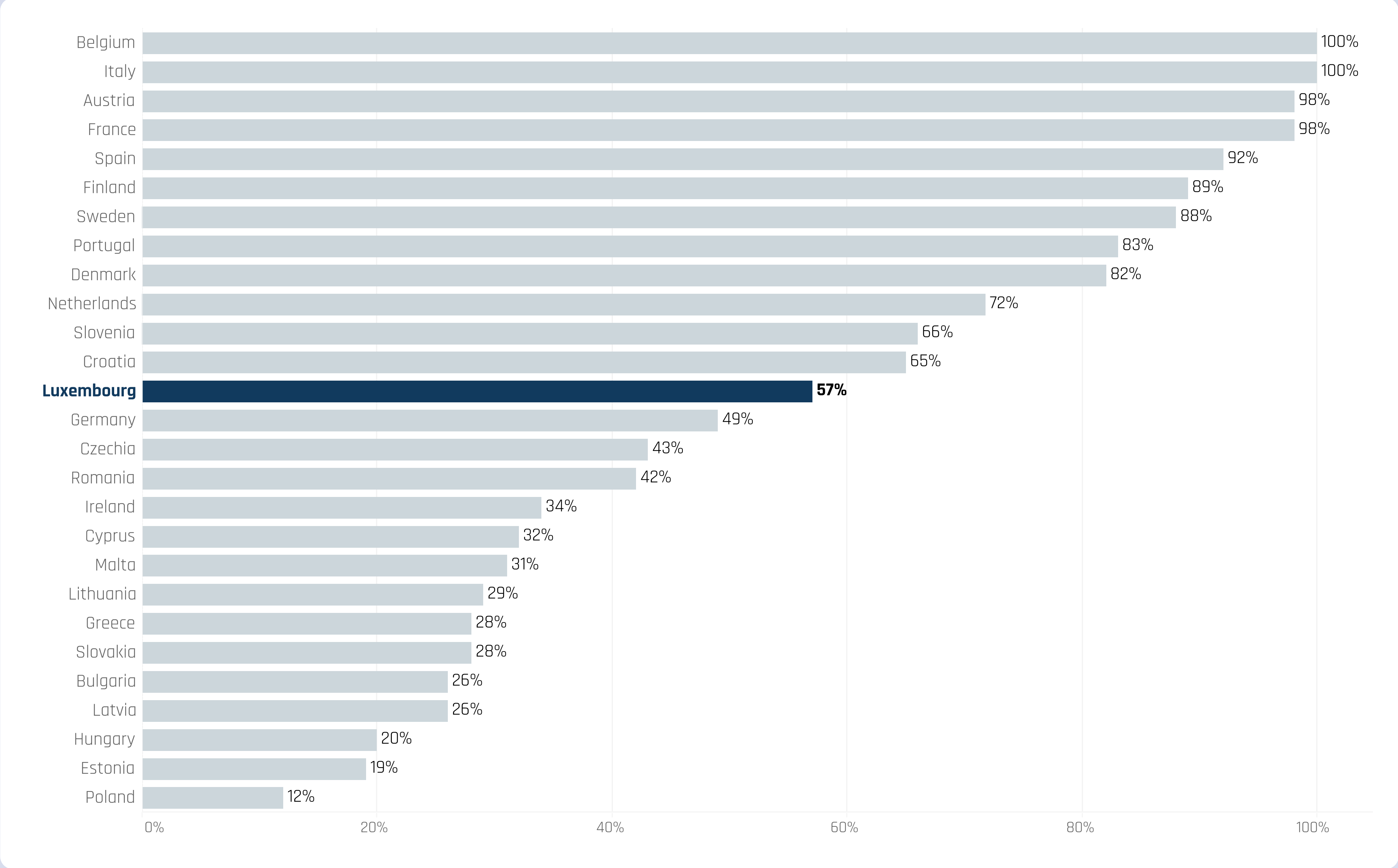
Collective Bargaining Coverage
57.00%

Trade Union Density
29.70%

Extension Mechanism
Frequent Extension

Valididy of Collective Agreeements after expirations?
Yes

Collective Bargaining Coverage per Country (%)



Collective Bargaining system in Luxembourg

Exclusion of certain groups of employees from bargaining: High-ranking employees (cadres supérieurs) – defined by their higher pay, managerial authority and autonomy in work organisation – are not covered by collective agreements unless otherwise specified in the collective agreement. A specific collective agreement can be negotiated for them, however. Trade unions frequently argue that companies in the financial sector designate too many of their workers as high-ranking employees, even when they do not meet all the legal criteria for this classification.

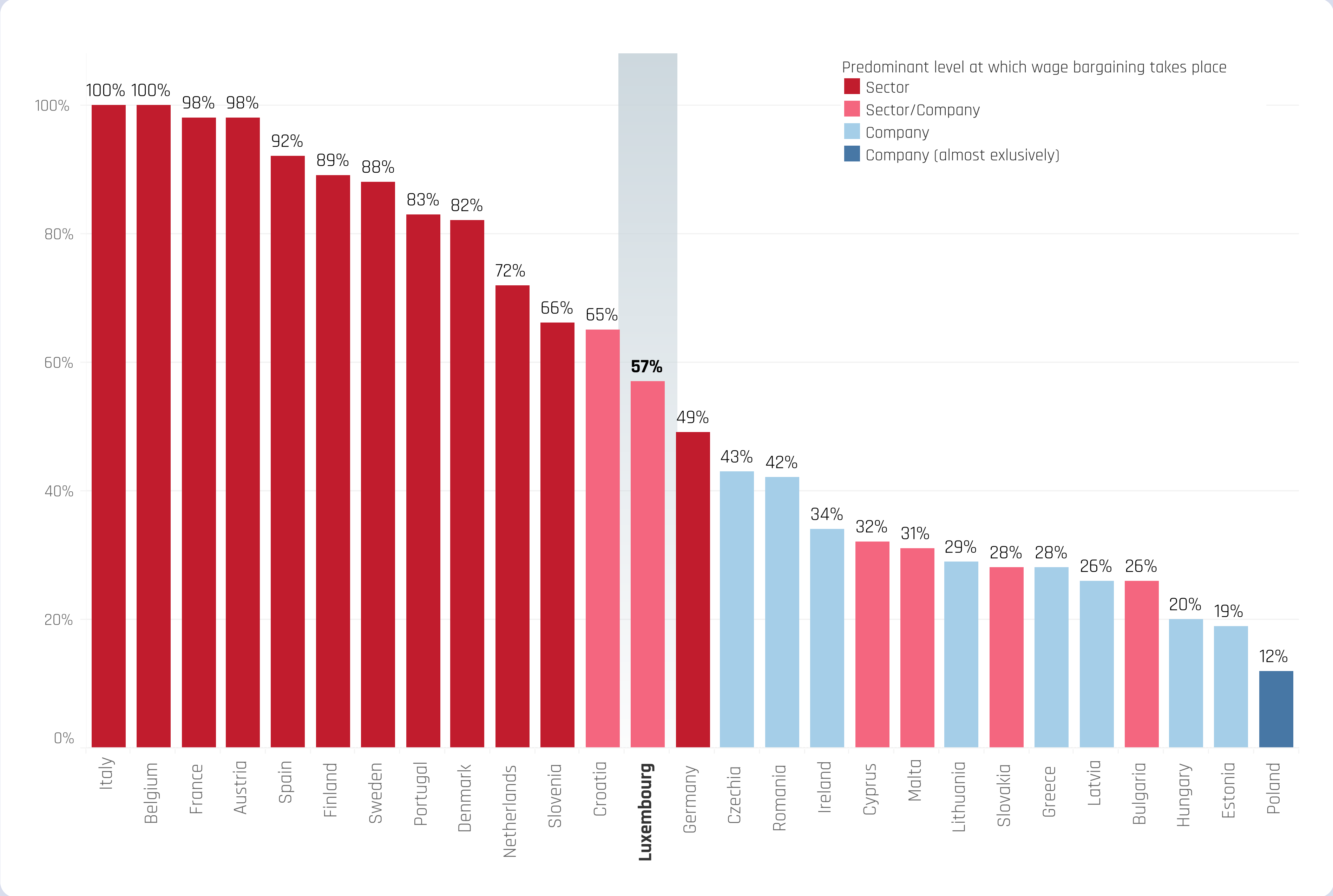
Collective bargaining clauses in public procurement: Public procurement regulations do not include provisions on collective bargaining clauses.

Right of access to workplace for trade unions: The Labour Code takes a fairly restrictive approach to the presence of trade unions within companies. Their primary role at workplace level lies in their ability to field candidates in staff delegation elections. Nearly half of all employee representatives are elected from union lists. Trade unions can also act as advisors to staff delegations in companies with more than 50 workers. Additionally, unionised staff delegations are allowed to distribute leaflets or use noticeboards to distribute union-related messages. Trade unions are currently advocating for the right to digital access to companies; specifically, permission for staff delegations to send union-related emails to employees.

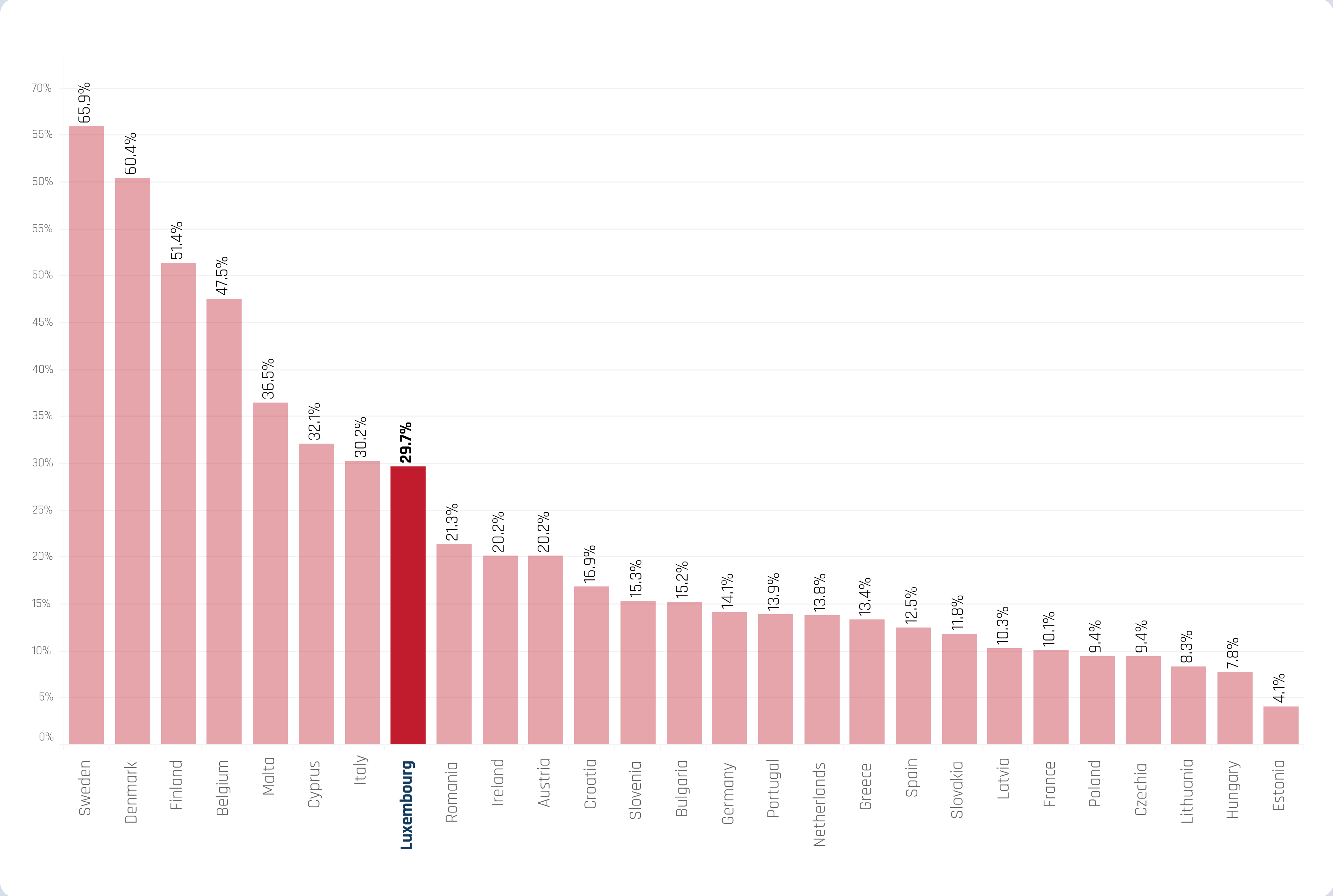
Protection of workers and trade union representatives from dismissal and discrimination: Legal provisions ensure protection against dismissal and discrimination.

Obligation for employers to engage in collective bargaining with trade unions: There is a duty to negotiate at the company level. Opinions are divided over whether such a right presently exists also at the sectoral level, as the text of the law is not entirely clear on this point (Art. L. 162-1 and Art. L. 162-2 of the Labour Code). Beyond the obligation to negotiate at the industry level, it is noteworthy that the law does not address the issue of the representativeness of the employer organisations. Clarifying the missions and roles of employer organisations in law might be a means of encouraging them to get involved in collective bargaining.

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 Directive on Adequate Minimum Wages has given rise to debates in Luxembourg, particularly regarding the appropriate reference for adjusting the minimum wage and the methods used for calculating median and average wage levels. At the time of writing (March 2026), the directive has not yet been transposed, and consultations are still under way. Discussions are also ongoing between the Minister of Labour, on one hand, and trade unions and employers' organisations, on the other, on the establishment of an action plan to improve collective bargaining coverage.

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WAGE-UP

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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