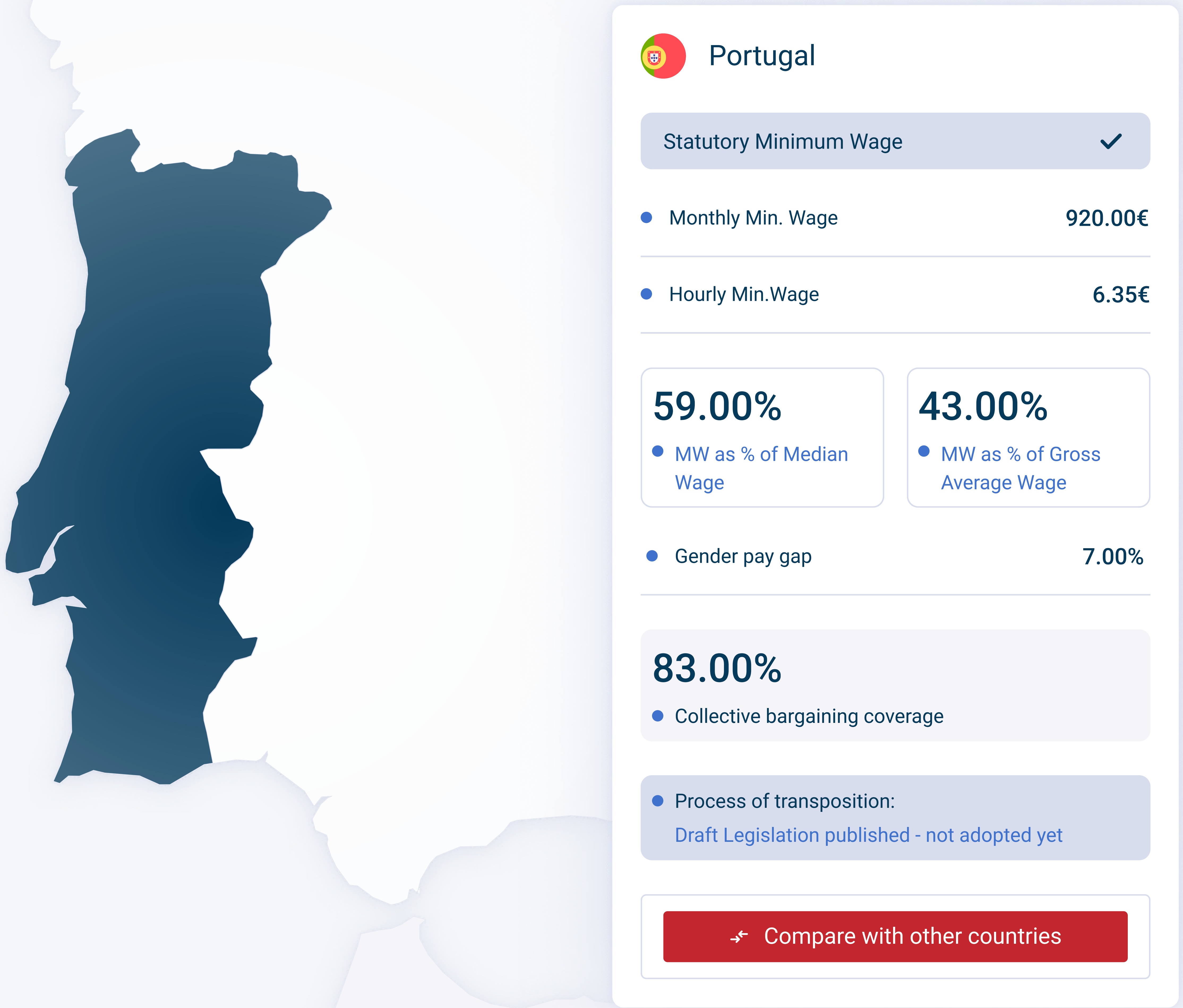
WAGE-UP

Minimum Wage & Collective Bargaining in Portugal 2026



Latest update on April 2026

Maria da Paz Campos Lima, ISCTE - University Institute of Lisbon

Minimum wage regime in Portugal

Portugal's statutory minimum wage was introduced following the Carnation Revolution, which marked the end of nearly 50 years of dictatorship. It was established through Decree-Law No. 217/74, published on 27 May 1974. The 1976 Portuguese Constitution (Constituição da República Portuguesa) formalised its institutionalisation; Article 59 assigned the state responsibility for determining and regularly updating the national minimum wage. The trade unions have strongly supported the statutory minimum wage from the outset, recognising its role in preventing in-work poverty, reducing inequality and ensuring decent living conditions. The trade union confederations CGTP and UGT have consistently advocated statutory minimum wage increases, viewing them as complementary to collective bargaining.

The current framework is based on Article 59 of the Portuguese Constitution and regulated by the 2009 Labour Code (Law 7/2009, 12 February, Articles 273–275). Under Article 273, the government sets the minimum wage through a Decree-Law after consulting the tripartite Permanent Commission of Social Concertation (CPCS). This tripartite body includes the government, the four employer confederations, the CIP (Confederation of Portuguese Business), the CCP (Portuguese Confederation of Commerce and Services), the CAP (Portuguese Confederation of Farmers) and the CTP (Confederation of Portuguese Tourism); and the two trade union confederations, the CGTP (General Confederation of Portuguese Workers) and the UGT (General Union of Workers).

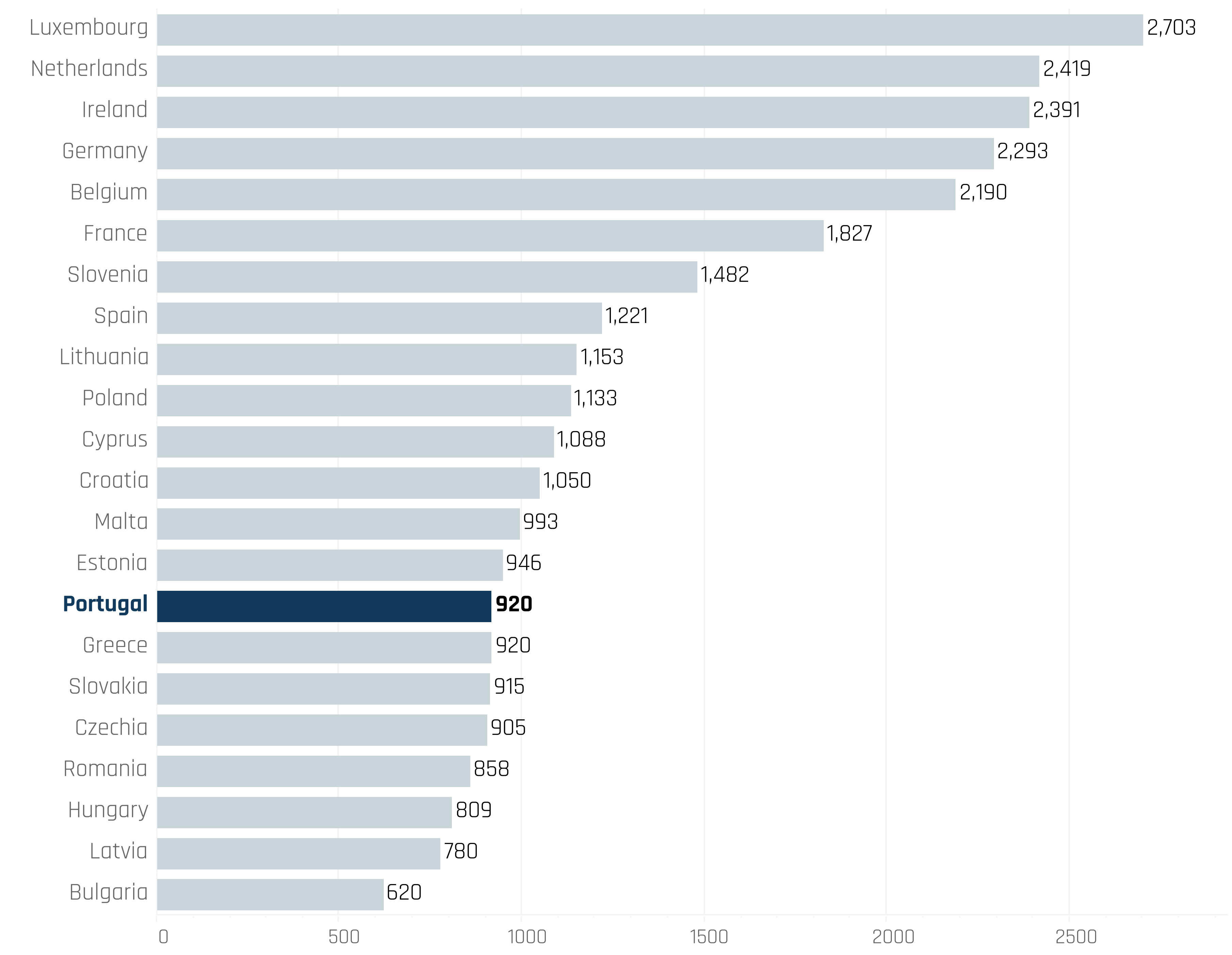
During the period of Troika intervention in the economy (2011–2014), the government unilaterally froze the minimum wage and blocked the extension of collective agreements, limiting both wage adjustments and collective bargaining coverage.

After this period, social partner consultation and annual updates to the minimum wage were re-established. Over the past decade, consultations within the CPCS have resulted in tripartite agreements, some focused specifically on mandatory minimum wage increases (CES, 2014, 2016) and other broader agreements, including minimum wage updates (CES, 2017, 2022, 2023, 2024). While the UGT signed all these agreements, the CGTP opposed them, arguing that the proposed increases were insufficient to protect workers' purchasing power. The CGTP also criticised the fiscal and other incentives granted to employers to encourage compliance with these agreements.

The monthly minimum wage rate is revised annually. By law, it corresponds to 14 payments, as all employees are entitled to both a Christmas bonus (13th monthly payment) and a holiday bonus (14th monthly payment), granted on top of their regular holiday pay. The most recent update set by Decree Law No. 132/2025 of 29 December fixed the monthly minimum wage at 920 euros (€) from January 2025, which corresponds to an average monthly minimum wage of €1,073. Based on 39 hours worked per week the increase to the average monthly minimum wage of €1,073 amounts to an hourly minimum wage of €6.35.

Under Article 275 of the Labour Code, the mandatory minimum wage is subject to reductions for specific groups. Apprentices and trainees enrolled in certified training programmes receive a reduced minimum wage (20% reduction) for a maximum of one year; workers with reduced work capacity due to disability may have a reduction proportional to the difference between full work capacity and their effective capacity for the job, provided this difference exceeds 10%, up to a maximum reduction of 50%.

Monthly Minimum Wage (€) per Country



Statutory Minimum Wage	Real Growth rate of wages
Yes	3.30%
% of workers covered by minimum wage	**Nominal Growth rate of Wages**
3.10%	5.70%

Minimum wage regime in Portugal

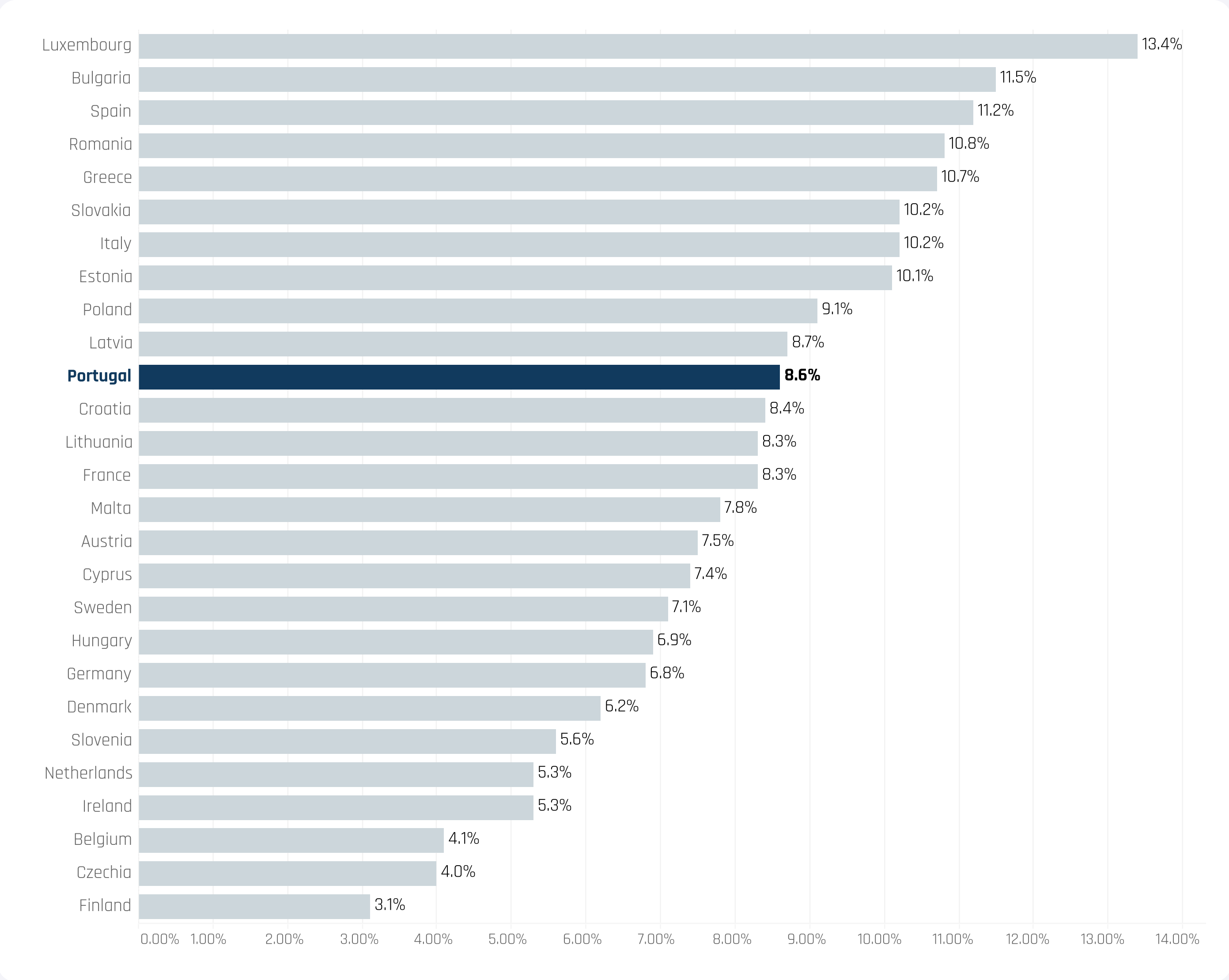
Article 59 of Portuguese Constitution stipulates that the determination and adjustment of the statutory minimum wage must consider workers' needs, the cost of living, productivity, economic stability and economic development. Additionally, Article 273 of the Labour Code includes criteria related to income and price policies. The 2016 tripartite agreement and subsequent wage updates also considered competitiveness, economic growth, employment, poverty reduction and wage inequality. Since 2022, tripartite concertation agreements have focused not only on updating the minimum wage but also on establishing a reference for average wage increases to guide collective bargaining.

Indicative reference criteria used at international level, such as 60% of the gross median wage and 50% of the gross average wage, have never been used as benchmarks in Portugal when determining the level of the minimum wage. When it was created, the minimum wage was set at a relatively high level, equivalent to 65% of the median wage, but its relative value has declined over the following decades, reaching its lowest level – below 45% – in 1998.

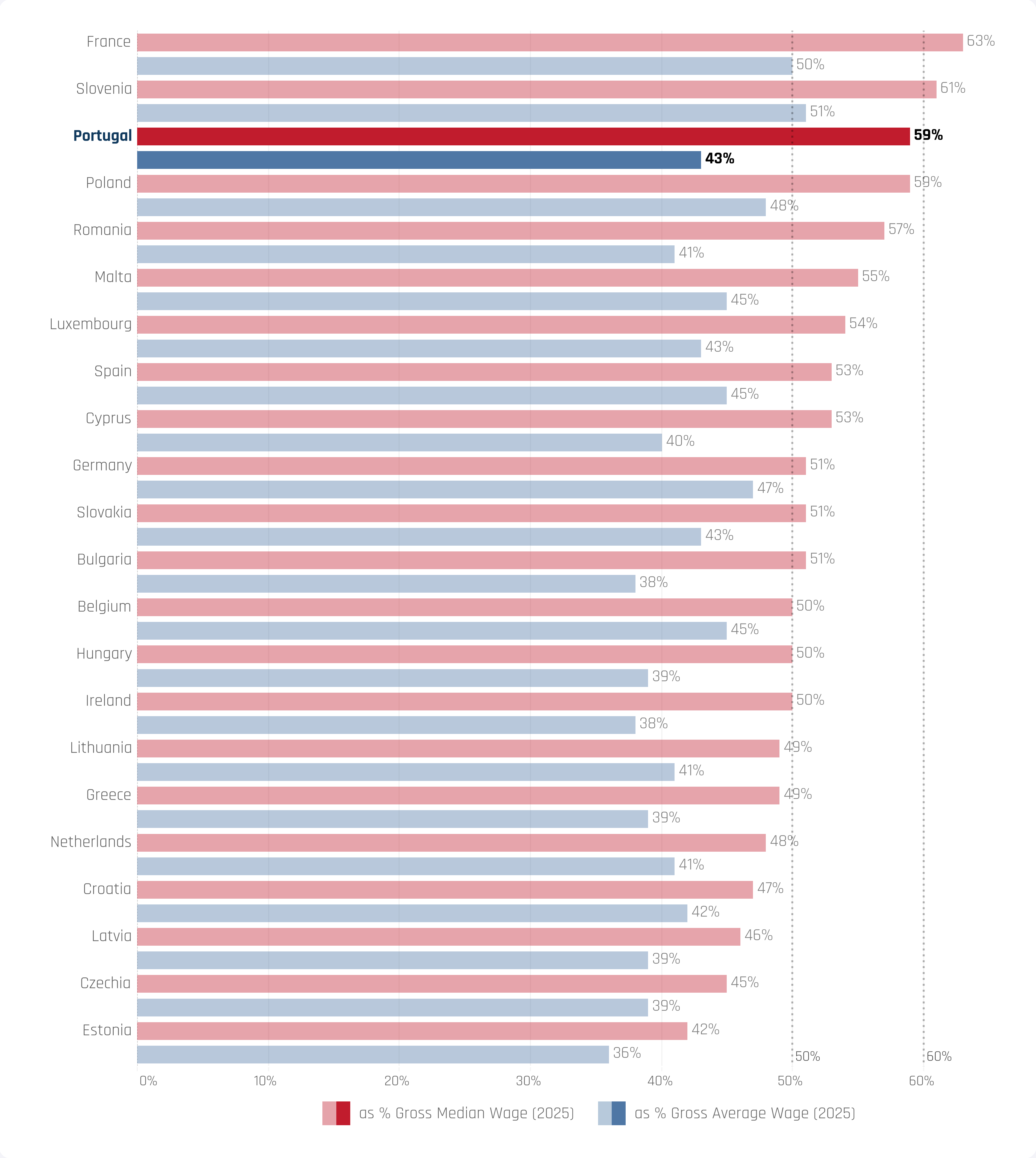
Since the early 2000s, minimum wage growth has generally outpaced overall wage growth, except between 2011 and 2014, when it was frozen. This trend led to a steady rise in the minimum wage's relative value, reaching 66% of the median wage and 47% of the average wage in 2022 (Müller and Schulten, 2024). More recent estimates put it at 68% of the median and 48% of the average wage in 2023 (Felix and Martins, 2025). Another study, excluding employment in public administration and considering the average base wage for standard working hours, found higher Kaitz ratios: 86.4% of the median and 61.7% of the average base wage in 2022, increasing to 88.5% and 63.2% in 2024 (Rosa, 2025).

In fact, using this double threshold to determine adequate minimum wages poses challenges in countries where both median and average wage levels remain low, as seen in the case of Portugal over time. In recent years, statutory increases in the minimum wage have outpaced wage growth in collective agreements, underscoring its importance in raising average wages (Martins, 2019) and in reducing inequality (Campos Lima et al., 2021; Oliveira, 2023). At the same time, this trend points to the sluggishness of collective bargaining – even with the high coverage of collective agreements – in securing better wages, particularly for mid- and high-skilled workers (Cantante and Estevão, 2022; Rosa, 2025; Cantante, 2026).

In-work poverty rate (%) per Country



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



Collective Bargaining system in Portugal

Collective bargaining coverage in Portugal has remained high, driven by the predominance of sectoral collective agreements, combined with the possibility of extending collective agreements to workers and companies not affiliated to the signatory organisations.

Portugal has among the broadest collective bargaining coverage in the EU. According to the administrative survey Quadros de Pessoal, in 2014, adjusted bargaining coverage was 88.9% (GEP, 2016). Ten years later, in 2024, it stood at 82.8% % (GEP, 2025). Adjusted bargaining coverage measures the number of employees covered by collective agreements as a proportion of all employees with the right to bargain.

However, the coverage of updated and new wage agreements has been much lower. It fell from 53.2% in 2011 to 11% in 2013–2014 during the period of Troika intervention, then partially recovered to 30.9% in 2019. It dropped again to 16.8% in 2020 during the COVID-19 pandemic, before gradually rising to 33.5% in 2023 and easing to 30.9% in 2024. The number of workers covered by new or updated agreements reached 1.037 million in 2024 (GEP, 2025; Relatório Anual sobre a Evolução da Negociação Coletiva em 2024).

Recent measures have been introduced to improve collective bargaining coverage and dynamics. Since 2022, a series of tripartite agreements – most recently the 2025–2028 agreement signed in 2024 – have established incentives for employers. Companies became entitled to corporate tax deductions (IRC) when covered by signed or renewed collective agreements within the past three years and when increasing annual average wages aligned with the benchmarks set out in the tripartite agreements (CES, 2022; CES, 2023; CES, 2024).

Additionally, the amendment to the Labour Code introduced under the Decent Work Agenda (Law 13/2023 of 3 April) included a new provision on incentives to enhance collective bargaining for companies signing or renewing collective agreements within the past three years: preferential access to public funding, European funds (where applicable), public procurement opportunities and tax benefits (Article 485).

Exclusion of groups of employees from collective bargaining/collective agreements

In Portugal all employees have the right to collective bargaining. However, there is a significant difference between employees in the private sector (and in state-owned companies), and employees of the public administration. In public administration, employees have the right to collective bargaining, but the law limits the range of topics collective agreements can include, excluding core provisions of wage setting, such as the basic structure of careers, the system of career progression and promotions, and wage levels, which are subject to statutory regulation (General Law of Public Functions).

The 2023 amendment to the Labour Code introduced under the Decent Work Agenda extended the provisions of collective agreements to out sourced workers (Article 498-A). It established that the collective agreement binding the beneficiary of the service applies to the service provider if it is more favourable. Additionally, this amendment extended bargaining rights to economically dependent self-employed workers (Article 10-A), granting them: the right to benefit from collective agreements in force within the same sector, profession and region; the right to be represented by a trade union or works council; the right to negotiate specific collective agreements for the self-employed through trade unions; and the right to benefit from existing collective agreements, as well as from administrative extension of collective agreements or arbitration decisions and consequent minimum working conditions. However, implementation of these rights will require additional specific regulations (Article 10-A, paragraph 2), which to date have not been published.

Collective bargaining clauses in public procurement

Portuguese legislation does not explicitly mandate the inclusion of collective agreement clauses in public procurement. Public contracting entities, however, must ensure that contracts comply with applicable labour laws, including provisions in collective agreements. This guarantees that workers' rights are supported and that the conditions laid down in collective agreements are observed in public contracts. Additionally, the amendment under the Decent Work Agenda gives preferential public procurement opportunities to companies signing or renewing collective agreements within the past three years (Law 13/2023 of 3 April, Article 485).

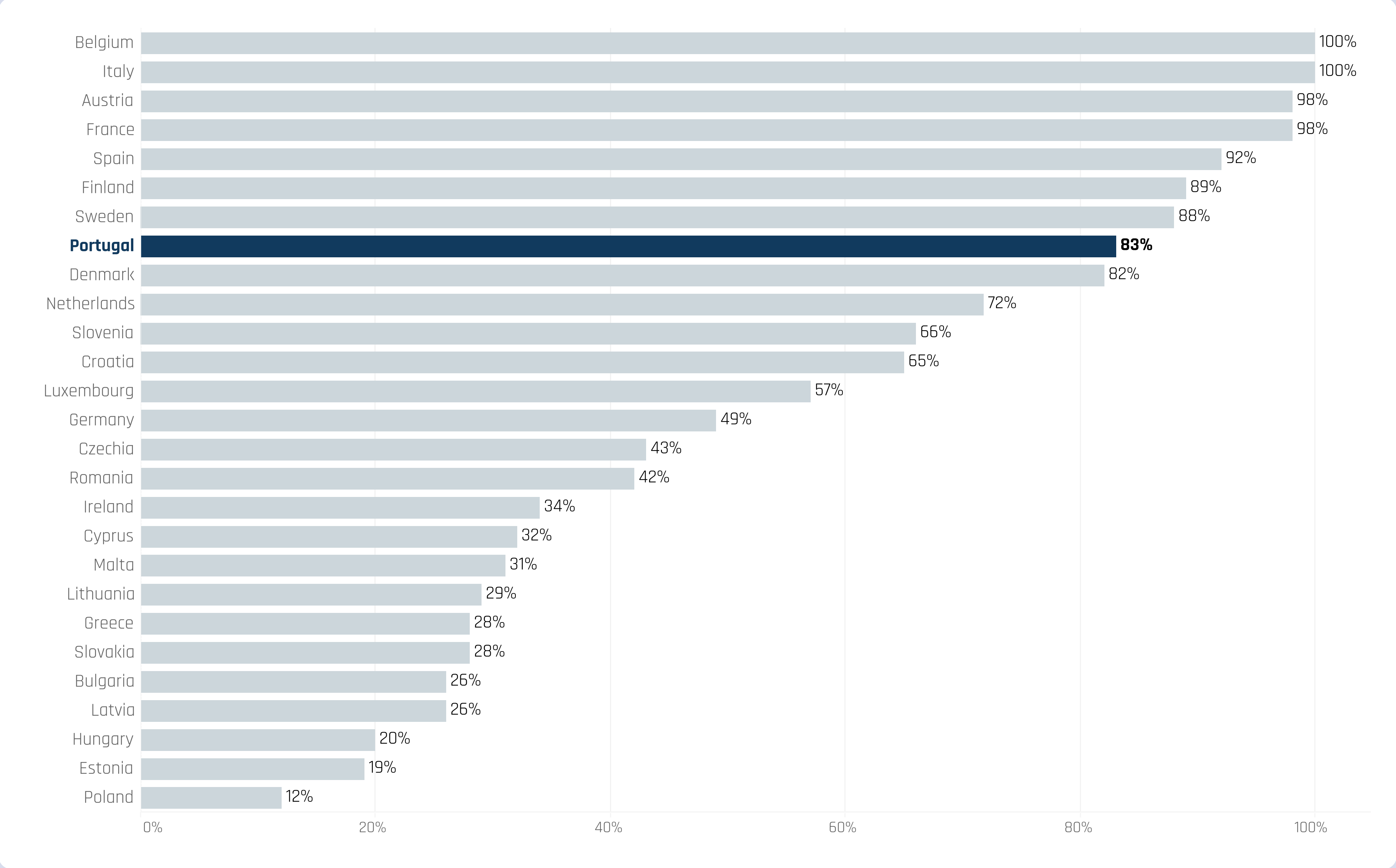
Collective Bargaining Coverage
83.00%

Trade Union Density
13.90%

Extension Mechanism
Frequent extension

Valididy of Collective Agreeements after expirations?
Yes

Collective Bargaining Coverage per Country (%)



Collective Bargaining system in Portugal

Validity of collective agreements after expiry

The 2023 amendment to the Labour Code also introduced key changes to the rules on terminating collective agreements, which limit to a certain extent the possibility of unilateral expiry of collective agreements (Articles 500, 500-A and 501-A), a critical problem for trade unions and collective bargaining in Portugal. A termination notice (denúncia) will be invalid if it lacks economic justification, structural reasons or evidence of maladjustments, in which case the collective agreement shall remain in force. It introduces a new type of arbitration 'to assess the notice for termination of a collective agreement', allowing one of the signatory parties of the agreement to request an independent review of termination grounds from the President of the Economic and Social Council (CES). If the arbitration court finds the grounds to be invalid, termination is void. Furthermore, either party (trade unions or employers' associations) can request 'necessary arbitration' under certain conditions, the agreement remaining valid until the arbitration decision is issued (Campos Lima and Carrilho, 2024).

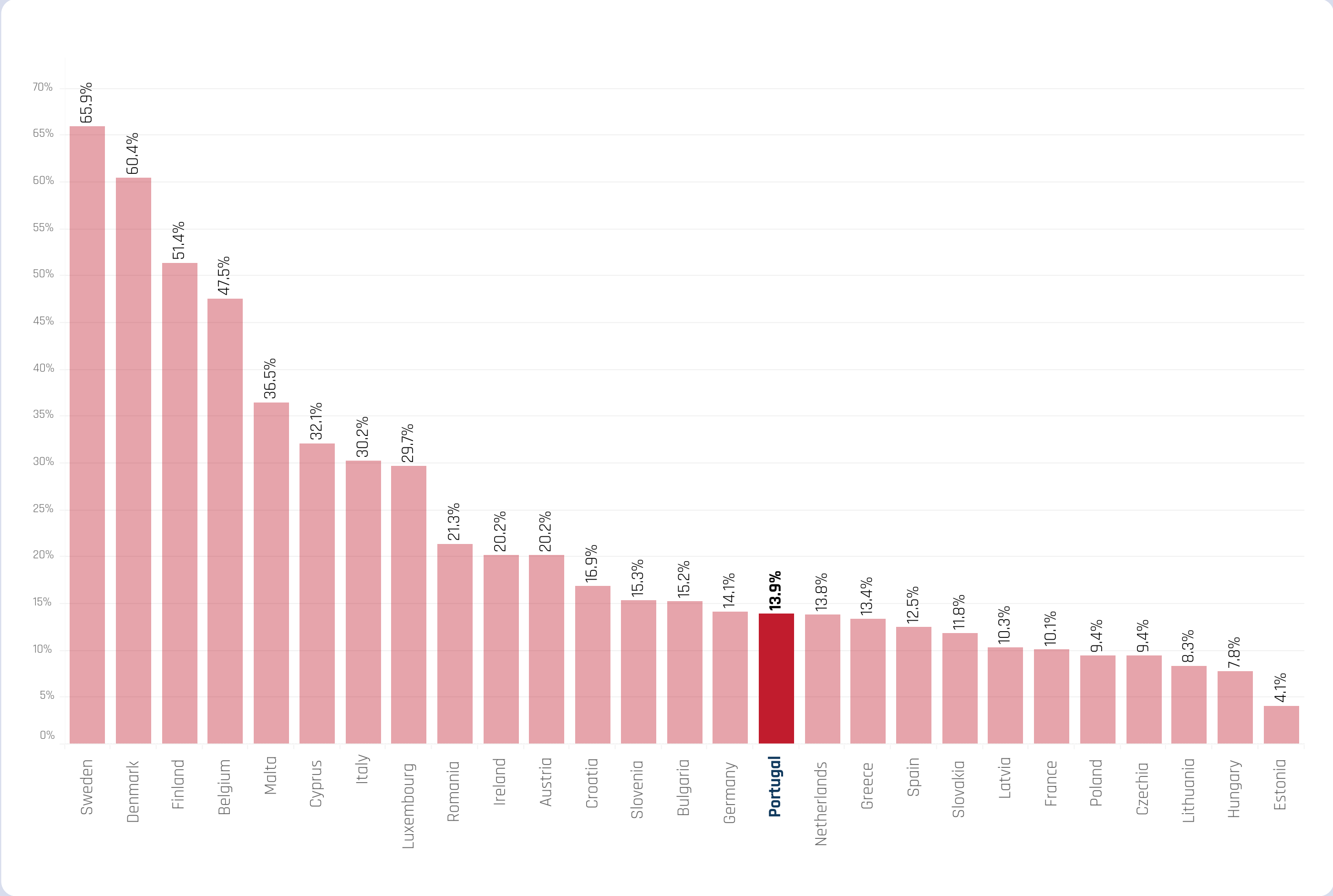
Right of access to workplaces for trade unions

The right of access to workplaces for trade unions is protected by the Labour Code. The 2023 Labour Code amendment under the Decent Work Agenda clearly states that this right shall also apply to trade union activities in companies in which trade unions have no affiliated members (Article 460, paragraph 2). This involves the right to hold workplace meetings (Article 461), access to a meeting space supplied by the employer (Article 464), and the right to post and distribute trade union information (Article 465). Furthermore, unjustified obstruction of union activities by an employer, regardless of the presence of union affiliated members, is considered a very serious offense (Article 460, paragraph 3).

Protection of workers and trade union representatives against dismissal/discrimination

The Portuguese Constitution and the Labour Code protect workers against any kind of discrimination. Employers are forbidden to discriminate based on factors such as gender, race, age, nationality, disability, sexual orientation, religion, political beliefs or union affiliation. Additionally, workers' representatives (Comissões de Trabalhadores) and trade union representatives are protected against discrimination and dismissal (Labour Code, Articles 406 and 410).

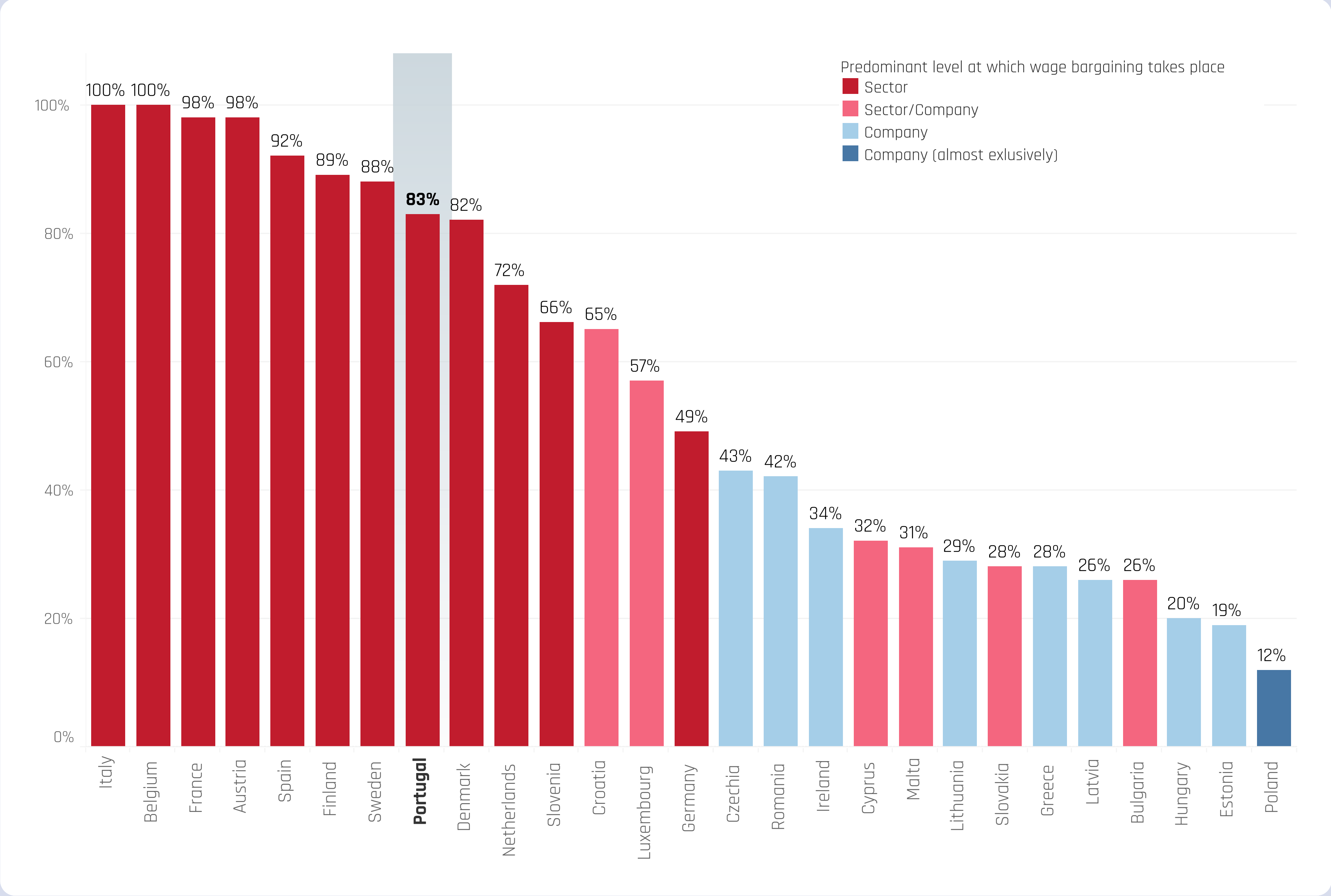
CB Trade Union Density (%) for each Country



Obligation for employers to engage in collective bargaining

Article 56 of the Constitution states that trade unions have the right to conduct collective bargaining. The Labour Code outlines the procedures and obligations of trade unions and employers' associations including the employer's duty to negotiate with trade unions in good faith (Articles 487 and 489). Non-compliance with this duty may constitute a serious offense. The obligation to negotiate does not entail an obligation to reach an agreement, however.

CB Predominant level at which wage bargaining takes place per Country



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

Portugal still has not transposed the Directive. On 28 November 2024, the centre-right Democratic Alliance (AD) government presented to the parliament Bill 43/XVI/1 (Proposta de Lei 43/XVI/1) concerning transposition of the Directive into national legislation.

The bill was adopted in general terms, but the process was halted because the President of the Republic dissolved the Parliament on 19 March 2025 following the resignation of Prime Minister Luís Montenegro after defeat in a parliament confidence vote.

Following the elections, the new AD government presented a preliminary draft bill – Trabalho XXI – Anteprojeto de Lei da Reforma da Legislação Laboral – to the social partners on 24 July 2025, proposing changes to around 100 provisions of the Labour Code. Unlike in 2024, when a standalone bill focused on transposing the Directive, the government chose to incorporate it into this broader reform package.

The scope and content of the reform sparked controversy; trade union confederations (CGTP-IN and UGT) strongly opposed it and jointly called a general strike on 11 December 2025, while employer confederations viewed it as a constructive starting point for negotiations (CGTP, 2025; UGT, 2025; Lusa, 2025). Under the current Labour Code (Article 273(1)), the minimum wage is determined by taking into account workers' needs, the cost of living and productivity, in line with income and price policy. The government's preliminary draft, now under discussion, adds further criteria – the general wage level, wage distribution and wage growth – and allows the use of national or international indicative reference values to assess adequacy.

It also introduces the principles of non-discrimination and proportionality for rules on minimum wage reductions (Article 275) and deductions (Article 279), while maintaining provisions (Article 485) requiring the state to promote collective bargaining, including incentives for companies with recent agreements, to be further developed through specific action plans. These proposed changes to the minimum wage legal framework have not drawn criticism from either trade union or employer confederations.

However, the government draft bill proposes significant changes that may weaken collective bargaining and trade union power by altering or removing measures introduced by of the 2019, 2021 and 2023 reforms. It allows collective agreements to set less favourable conditions than the Labour Code in areas such as overtime and telework; removes safeguards against unilateral termination of agreements; limits union access in non-unionised workplaces; ends enhanced coverage for outsourced workers; permits reductions in working conditions during business crises; and expands minimum service requirements during strikes to more sectors (Campos Lima, 2025; Amado, 2025; Reis, 2026). Trade union confederations reacted strongly against these proposed changes.

The government preliminary draft is still currently under discussion with the social partners in tripartite concertation and in bilateral meetings with no timeline yet set for submission to parliament. All in all, the delay in transposing the Directive resulted from political instability and from the government's choice to include it in this broader and controversial reform package.

CONFEDERATION SYNDICAT EUROPEÆN TRADE UNION

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

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www.fes.de/en/

etui.

European Trade Union Institute
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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).

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