



ITUC GLOBAL SURVEY ON MINIMUM LIVING WAGES: KEY FINDINGS

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INTRODUCTION AND SUMMARY

The ITUC is committed to promoting adequate wages, calling on governments to ensure minimum living wages through statutory mechanisms, and expanding the coverage of collective bargaining on wages. Throughout the years, the ITUC's focus on wages has consisted of a combination of research, advocacy at national, regional and global levels, capacity-building support to unions, and representation and coordination of workers' positions in international discussions on wages.

Despite some progress having been made, a concerning reality persists, with 266 million workers receiving less than the minimum wage, due to either insufficient legal protection or non-compliance. Moreover, more than **one in five workers in the world live in poverty.** The global labour income share has been steadily declining for years, while the share to capital continues to grow. At its Fifth World Congress in 2022, the ITUC called for ensuring minimum wages that are sufficient to provide for an adequate living standard for workers and their families, as one of the six pillars of the New Social Contract.

Now more than ever, **it is crucial to ensure the involvement of unions in the formulation of living wages and estimations at both international and national levels.** Inflation is having abrupt consequences on household budgets, eroding the real value of wages; this phenomenon underscores the need to constantly review and adjust minimum living wages to ensure their adequacy.

In August 2023, the ITUC conducted a survey among its affiliates to identify union priorities and strategies regarding minimum wages.

This initiative, aimed primarily at facilitating knowledge sharing among trade unions in their minimum wages work, yielded valuable insights into the campaigns, advocacy efforts, and negotiations strategies. In addition, the survey identified some of the main strategies unions employ to formulate their own cost-of-living calculations, upon which minimum living wage demands are based.

Overall, the ITUC Global Survey on Minimum Living Wages collected responses from 33 countries across Africa, Europe, Asia and the Pacific, and the Americas¹. The survey revealed the important role that wage policies can play in protecting workers' purchasing power, particularly minimum wage policies, as well as the importance of consistent social dialogue and collective bargaining. The responses highlighted that wage adjustments are made too infrequently to safeguard workers' livelihoods.

The report delves into key trends related to national minimum wage policies, highlighting variations by sector and region. **Notably, 74% of unions reported that while their countries had a national minimum wage, continuing non-compliance, particularly in the domestic and agricultural sectors, was identified.** This impacted vulnerable workers and hindered effective monitoring in certain countries. The report also explores how unions formulate minimum wage demands, revealing that, while 47.4% of countries review minimum wages annually, **the majority of unions decry minimum wage levels as being insufficient to maintain decent living standards.** Some countries lack a regular schedule for minimum

¹ Argentina, Armenia, Australia, Azerbaijan, Bosnia and Herzegovina, Botswana, Bulgaria, Canada, Croatia, Cyprus, Dominican Republic, Eritrea, France, Ireland, Japan, North Macedonia, Malaysia, Malta, Mauritania, Montenegro, Nicaragua, Nigeria, the Netherlands, Norway, Panama, Perú, Philippines, Romania, Serbia, Spain, Tanzania, Tunisia, Turkey.

wage adjustments and this leads to outdated regulations that do not keep up with the increased costs of living. Most countries involve trade unions in wage discussions, but 20% report not to be formally involved in such vital stakeholder dialogue. **Increasingly, the report found, unions are basing their wage demands on their own cost-of-living estimations.** The report also underscores the crucial interplay

between collective bargaining and minimum wage adjustments in many countries. **Robust collective bargaining is shown to prevent workers clustering at minimum wage levels,** leading to higher increases for all workers. The report concludes by showcasing the main trade union demands and highlighting some national campaigns around minimum living wages.

OVERVIEW OF WAGES DEVELOPMENTS AT NATIONAL LEVEL

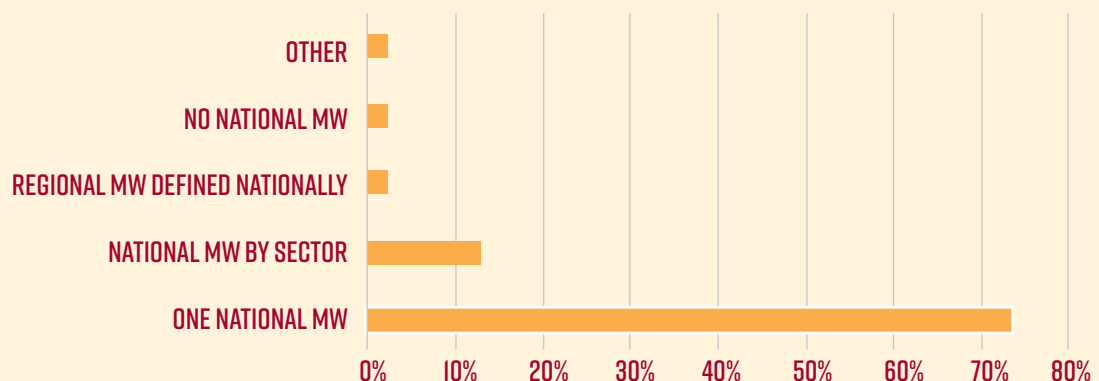
“ *All workers have the right to a compensation that, at least, ensures fair wages and decent living standards for themselves and their households.*

Art. 23, Universal Declaration of Human Rights.

The survey analysis revealed that, even though wage systems vary significantly among countries, **the majority of unions reported that their country has a minimum wage rate set at national level.** Of the responding unions, 74% said that there was one nationally defined

minimum wage that ensured that across the whole country, wages cannot go below a fixed amount defined by the central government. Other responses highlighted more complex systems, with multiple minimum wage levels most often differing by sector (13%), by region (2.6%)². Some countries apply different rates based on both the sector and the geographic region, as is the case for Japan, the Dominican Republic, and Panama. In some countries, as in Norway, despite there being no national minimum wage, strong collective agreements for the main sectors of the economy ensure the application of minimum wage rates. In the Netherlands, minimum wage rates vary based on the workers' age: only adults over 21 years old are entitled to the full minimum wage, which proportionally decreases from 19 to 15 years, the minimum legal working age.

Does your country have a nationally defined minimum wage? (MW)

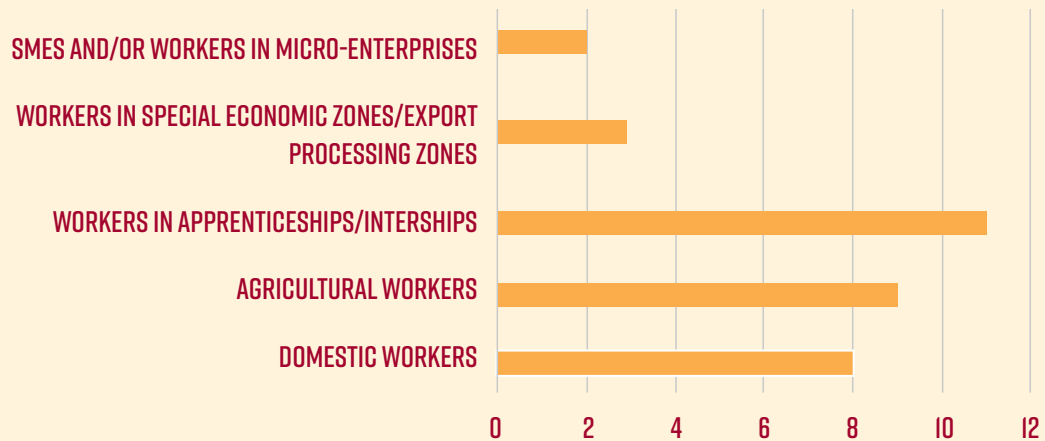


² Japan, Philippines

In countries reporting sectoral variations in minimum wage rates, skilled workers consistently received the highest rates. Conversely, seasonal, agricultural, and domestic workers were consistently identified as earning the lowest rates of the minimum wage, as for instance in Norway, Croatia, Tunisia, and Tanzania.

Moreover, the survey brought to light that not only do these groups of workers often find themselves earning the lowest minimum wage rates due to sectoral variations, but are also consistently left out of national or regional minimum wage regulations.

Are some workers excluded/subject to lower rates?

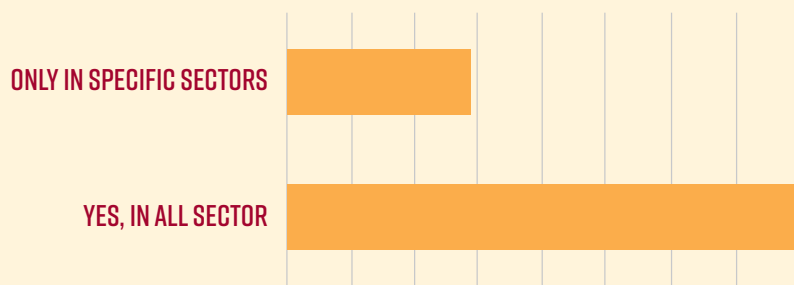


Almost 30% of respondents reported that minimum wage regulations do not apply to workers with apprenticeships and internships. Examples where the inclusion of trainees in minimum wage regulations do occur come from Serbia, for example, where they are paid 60% of the minimum wage. **Agricultural workers were reported to be excluded or subject to lower rates in 24% of the cases, followed by domestic workers (21.5%). It is important to mention that these two sectors registered the highest levels of informality, which adds to the lack of legal protection and rights deprivation faced by workers in the domestic or agricultural sectors.** On the other hand, no formal worker is legally excluded from national minimum wage rates in countries including Armenia, Azerbaijan, Botswana, Montenegro, Peru, and Romania.

A major concern is the ongoing problem of non-compliance with existing minimum wage

regulations. **More than 60% of unions reported that non-compliance is a significant issue** in their respective countries, affecting both the general context (32%) and specific sectors (29%). The domestic work and agricultural sectors emerged as flash points for non-compliance, where the vulnerabilities faced by workers is further amplified. In certain countries, such as the Dominican Republic and Tanzania, unions are vocal about the inadequate resources and limited capacity of national labour inspection units, hindering consistent monitoring especially in rural areas, as highlighted by Malaysian unions. Furthermore, young workers, those with disabilities, and migrant workers often find themselves at heightened risk of exploitation and poor working conditions. They often work below the minimum wage threshold because of ongoing violations of the legal frameworks by unscrupulous employers. This exacerbates youth poverty and societal fragmentation.

Non-compliance with MW is a major problem



FORMULATION OF MINIMUM LIVING WAGES AND UNIONS' INVOLVEMENT

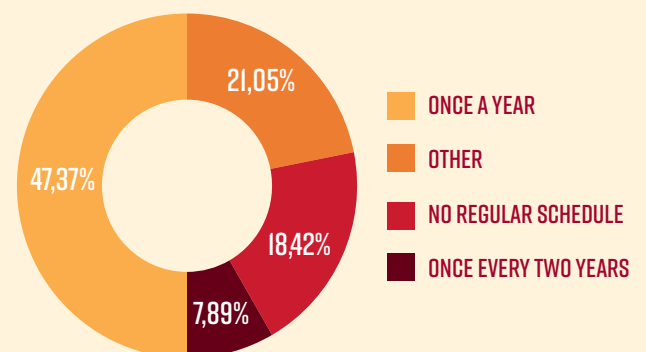
The survey underscored that minimum wages reviews are undertaken in the 47.4% per cent of the respondents' countries at least once a year³.

However, some unions have raised concerns about an inconsistent adherence to this periodic commitment.

In Botswana, for example, no updates have occurred since 2021 and in Tunisia, the government has failed to adhere to a clear schedule for minimum wage adjustments since 2011. In some countries, the guideline of the 'once-a-year revision' may be subject to alterations based on specific economic or labour market shocks, as seen in France, where adjustments can occur more frequently if inflation surpasses 2 per cent. The frequency changes to once every two years in 8% of cases, extending up to every five years in the case of Nigeria. Notably, 18% of unions reported the absence of a regular

schedule for updates, resulting in inadequate minimum wages in cases like Mauritania, where regulations have not been updated for more than 22 years (2004-2022), and Tanzania, where no adjustments have been made for a decade (between 2012 and 2022).

How often are minimum wage(s) reviewed



³ At least once a year: Argentina, Australia, Bulgaria, Canada, Croatia, France, Ireland, Japan, Macedonia, Malaysia, Malta, Montenegro, the Netherlands, Nicaragua, Norway, Spain, Serbia, Romania

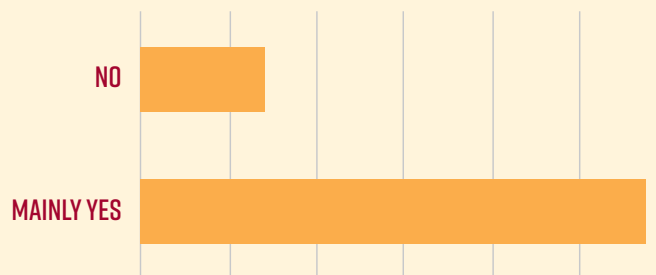
The survey confirmed that, in the majority of the countries, official procedures for discussions and negotiations on minimum wages are in place and trade unions are actively consulted. In Bulgaria, where the national minimum wage is to be set at 50 per cent of the average wage, the government engages with trade unions, who are expected to provide calculations and arguments. Another case is Malaysia, where unions successfully advocated for the establishment of a National Wage Consultative Council in 2011, granting unions a permanent seat. In countries with multiple national minimum wages, such as Japan, unions participate in the Central Minimum Wage Council, which outlines general guidelines that are further discussed at the prefectural level, where unions are also

involved in adapting the minimum wage to local needs.

However, in 20% of the responses unions indicated they were not formally engaged in discussions to set and adjust minimum wage(s). In both Canada and Romania, for example, unions are not involved but collaborate with civil society to conduct data analyses and issue statements directed at the government to provide recommendations and make demands.

Some unions are not directly involved in the debate on minimum wage setting, as their countries have automatic adjustments based on collective bargaining undertaken at the sectoral level, as is the case in France and the Netherlands.

Trade unions are formally involved in setting the minimum wage



All responding unions base their demands for minimum wage increases on cost-of-living data. While the primary data source for unions is national statistical institutes, a growing trend among unions is to develop their own cost-of-living calculations. Typically, these calculations factor in elements such as the workers' expenditure basket, average household size, and the number of income

earners. More specifically, expenses account for food, housing, transportation, out-of-pocket health and education costs, as well as items such as hygiene, clothing, cultural, and personal development. These consumption patterns are highly country-specific, shaped by the demographics and cultural influences. They are, therefore, dynamic and subject to change over time.

The following unions make use of cost-of-living calculations **based on their own research and data analyses**:

- **Argentina**, Confederación General del Trabajo de la República Argentina CGT
- **Bosnia and Herzegovina**, Trade Union Confederation of Republika Srpska (KSBiH)
- **Botswana**, Botswana Federation of Trade Unions
- **Bulgaria**, CITUB: The union has developed its own research institute, which provides support by conducting periodic surveys to analyse the price fluctuations of the basket of goods and services in order to provide comprehensive estimates on the cost of living. Over time, the methodology used by the CITUB has gained legitimacy throughout the country and is today widely accepted as a reference by policymakers working on wage and social security policies.
- **Cyprus**, Cyprus Workers' Confederation-SEK
- **Eritrea**, National Confederation of Eritrean Workers
- **France**, CFDT
- **Ireland**, Irish Congress of Trade Unions
- **Japan**, RENGO: The RENGO Living Wage is a unique calculation prepared by the union to estimate the costs required for workers to maintain a minimum standard of living. This calculation is an important reference on which trade unions can base their claims for the minimum wage they demand at regional minimum wage councils. It is also widely used as a reference when determining the minimum wage in a company by age group. The calculation is based on costs related to 'clothing, food, housing, health and medical care', which are fundamental for workers to continue working in good health; 'transport and communication costs' and social expenses, which are necessary for certain social and economic connections required for living; and 'education costs' and 'culture and entertainment costs', which are necessary for a minimum healthy and cultural life.
- **Macedonia**, KSM: has been calculating and publishing a Trade Union Minimum Consumers' Basket for over a decade, providing a more comprehensive estimate of living costs than the "basic consumer basket" prepared by the State Statistics Office to inform adequacy considerations during minimum wage discussions.
- **Mauritania**, Confédération Générale des Travailleurs de Mauritanie CGTM
- **Montenegro**, Confederation of Trade Unions of Montenegro
- **Nigeria**, Nigeria Labour Congress (NLC)
- **Spain**, ELA
- **Philippines**, Kilusang Mayo Uno (KMU)
- **Serbia**, CATUS.

IMPACT OF MINIMUM WAGES AT NATIONAL LEVEL

Understanding the dynamics between collective bargaining and minimum wage adjustments is crucial to assess their impacts. Collective bargaining entails the bilateral negotiation of wages and/or working conditions between trade unions and employer organisations, at various levels, such as at the company, industry, or sectoral levels. In some countries, minimum wages policies and collective bargaining work in tandem, with the latter often resulting in wage increases higher than the minimum wage. Robust collective bargaining structures are therefore vital to prevent workers from clustering around the minimum wage level, and simultaneously serve as a key tool to enhance minimum wages levels.

Indeed, in many countries, especially those following the last EU Directive, the minimum wage is determined by a formula that compares the minimum wage to the average or median national wage. In such cases, collective bargaining can stimulate the wage increase which in turn positively affects the average wage rate.

In other countries, where the collective bargaining is slower, it is the minimum wage that pushes for increases and

triggers collective bargaining gains at sectoral or industry level.

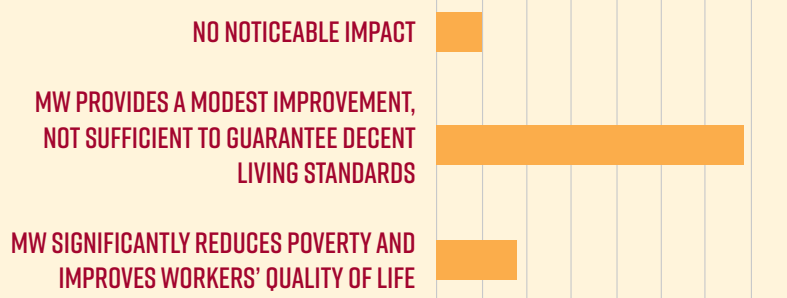
Almost all the responding unions highlighted that in many countries, the minimum wage serves as a basis for collective agreements, exerting a positive influence all collectively negotiated wages above this baseline. This creates ‘spillover effects’ throughout the economy, including those that impact non-declared workers.

In other countries, including Argentina, the minimum wage serves as a base criteria not only for collective bargaining, but also to set minimum levels for some social protection benefits. For instance, it plays a role in defining the minimum pension, known as the ‘Pensión mínima de jubilación’.

The extent of collective bargaining coverage is linked to workers’ access to the advantages of social dialogue. In Bulgaria, for instance, workers covered by collective bargaining have a yearly gross wage that is, on average, 22.4% higher compared to workers not covered by collective bargaining agreements.

Additionally, around 70% of unions, pointed out that, despite minimum wages providing a modest improvement on living standards, the wages are often not sufficient to guarantee decent living standards for workers and their families.

What is the impact of MW at national level?



TRADE UNION DEMANDS AND CAMPAIGNS

Unions have always been at the frontlines in demanding adequate wages for workers. They generally ask for wage policies to be rooted in rights-based approaches that ensure universal coverage and grant a decent standard of living to workers and their families. As highlighted previously, the majority of unions are clear that the minimum wage in their countries is not sufficient to provide for a decent life. Therefore, the priority as revealed by the survey is to increase the minimum wage

level. Additionally, respondents demanded that minimum wage adjustments are negotiated on a more regular basis, to ensure wages follow prices. Secondly, an expansion of the coverage of minimum wage policies to those categories of workers currently excluded, would also help increase the median national wage. Thirdly, and crucial to achieve both previous priorities, is to ensure that strong and effective social dialogue institutions are in place at national and local levels, to ensure unions' constructive involvement and participation in wage setting negotiations.

SOME EXAMPLES OF TRADE UNION CAMPAIGNING FOR MINIMUM LIVING WAGES

- **Canada, CSN:** With the '**Minimum18**' campaign, unions are calling for an increase in the minimum wage to C\$18 per hour to combat poverty in Quebec, and protect working people at minimum wage from the highest shocks due to inflation and the increased costs of living.
- **Nigeria, NLC:** The '**National Day of Outrage**' campaign in 2019, led unions to win a major increase in the minimum wage benefitting all categories of workers.
- **The Netherlands, FNV:** The '**Voor16**' 2023 campaign, calls for a statutory living minimum wage that is equal to 60 per cent of the median wage.
- **ETUC:** The European campaign '**Fair wages! Collective bargaining for all and fair minimum wages**', calling for a European Directive to achieve fair minimum wages and collective bargaining.

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