

Box 3. About the minimum monthly wage

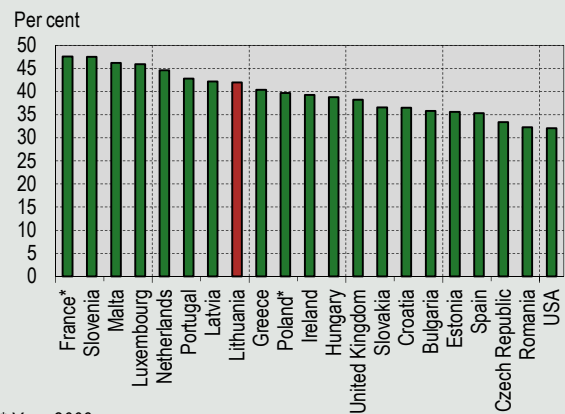
As from 1 January 2008, the minimum monthly wage in Lithuania amounts to LTL 800. In order to compare this indicator with those applied in the EU, it is worthwhile to use the ratio of the minimum monthly wage to average gross earnings. Eurostat announces that in 2010 this ratio in Lithuania made up 42.0 per cent. It was the largest in France, Slovenia, Malta and Luxembourg (47.6%, 47.5%, 46.2% and 45.9% respectively, and the smallest – in the Czech Republic and Romania (33.4% and 32.3% respectively).

To be true, the indicator announced by Eurostat is the ratio of the minimum monthly wage and average gross earnings in industrial, construction and services sectors but not in the whole economy. In addition, in some EU states (Sweden, Denmark, Austria, and others) the minimum wage is not set for the economy-wide, therefore, they are not included into the analysed statistics.

In some EU states (France, Czech Republic, Malta, and others), the minimum monthly wage is differentiated by age groups, i.e. laws permit to pay a smaller than minimum wage to young and having no work experience persons. For example, in 2010 in Poland the wage of persons participating in the labour market for the first year had to make up no less than 80 per cent of the main amount of the minimum monthly wage. In other states, e.g., France, Czech Republic and Netherlands it was allowed to pay a smaller amount than the minimum monthly wage for persons up to a certain age (younger than 19 years of age in France, 22 – in Czech Republic, 23 – in Netherlands)⁴.

On the basis of the data of Statistics Lithuania, the ratio of the minimum monthly wage to the average gross earnings in the whole economy in 2010 would amount to 40.2 per cent in Lithuania. According to preliminary data it dropped to 39.2 per cent in 2011. Taking into account the fact that a part of wages in Lithuania might be paid illegally, this ratio could be somewhat lower. According to the wage growth forecast of the Bank of Lithuania made in February 2012, the ratio should decrease further to 38.6 per cent in 2012 if the minimum monthly wage did not increase. In case of an increase of the minimum monthly wage to e.g. LTL 850 as from 1 July 2012, the mentioned ratio would slightly increase compared to 2011, while a larger increase of the minimum monthly wage would result in a larger ratio.

Chart A. Ratio of the minimum monthly wage and average gross earnings in 2010



* Year 2009.

Source: Eurostat.

⁴ European Foundation for the Improvement of Living and Working Conditions (Eurofound) „Pay developments – 2010“, 15th January 2012 (<http://www.eurofound.europa.eu/eiro/studies/tn1109060s/tn1109060s.htm>).