

# Annual Gross Earnings Results from Member States, Acceding and Candidate Countries, and Switzerland

*Anne Paternoster*

This article presents comparative figures on average annual gross earnings (for convenience we use 'earnings' in the remaining text) for 14 of the 15 Member States (MS), 12 of the 13 Acceding (AC) and Candidate Countries (CC) and Switzerland. Data were provided on a Gentlemen's Agreement basis. Detailed methodological information on earnings and the list of countries included in the analysis are presented in the Methodological Notes.

## Average annual gross earnings in Industry and Services vary across the countries

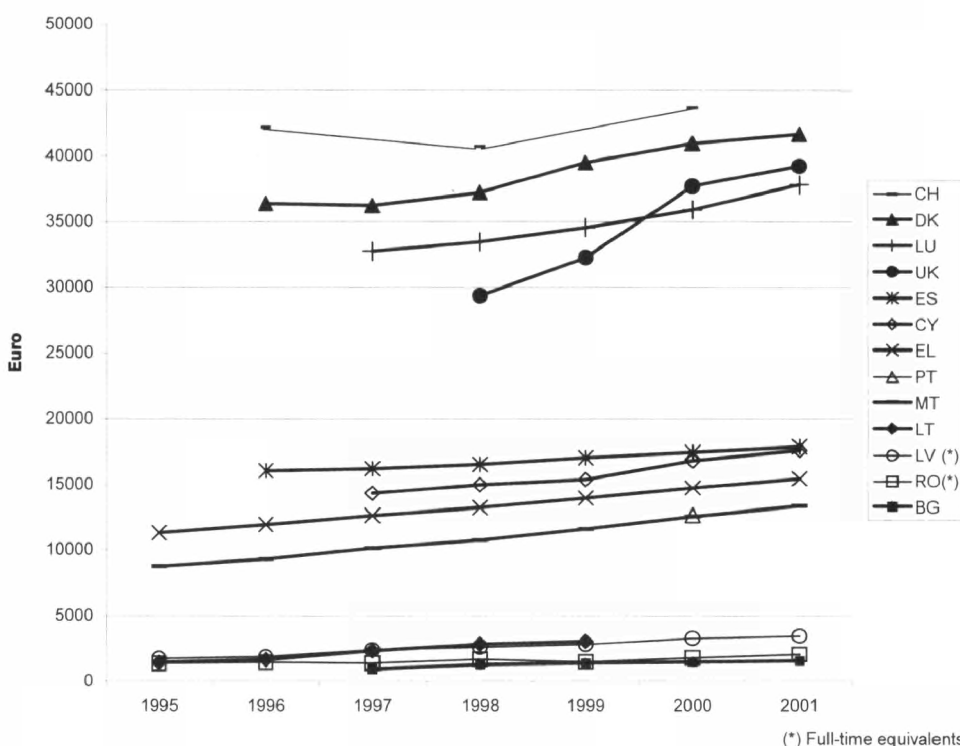


Figure 1: Average annual gross earnings in Industry and Services, for selected countries, euro, 1995 - 2001

Figure 1 and table 1 show differences in the level of earnings of full-time employees in Industry and Services (Nace Rev.1 sections C to K) between countries and their development over time. The figure presents the two, three or four countries with the lowest and highest earnings in the MS, in the AC and CC and in Switzerland for the period 1995 to 2001.

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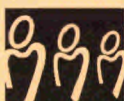
THEME 3 – 25/2003

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Among the MS for which data are available Portugal and Greece generally have the lowest levels of earnings over the whole period. The MS with the highest level of earnings are Denmark and the United Kingdom. Among the AC and CC for which data are available, Latvia,

Lithuania, Bulgaria and Romania have the lowest, Malta and Cyprus the highest earnings. All AC and CC have lower levels of earnings than the MS except for Cyprus where the earnings are above those of Greece and Portugal.

Member States	1995	1996	1997	1998	1999	2000	2001	Average annual increase over the years available (*)
<b>BE</b>	28945	29131	28901	29616	30701	31644	33109	3.0%
<b>DK</b>	na	36376	36235	37209	39515	40962	41661	2.8%
<b>EL</b>	11291	11917	12605	13210	13926	14721	15431	7.4%
<b>ES</b>	na	16043	16192	16528	17038	17432	17874	2.9%
<b>FR</b>	23952	24292	24798	25519	25947	26521	na	2.2%
<b>IT (**)</b>	na	18031	19046	19357	19706	19991	20583	2.4%
<b>LU</b>	na	na	32746	33462	34534	35910	37801	3.5%
<b>NL</b>	27966	28140	28061	29189	30426	31901	33900	4.1%
<b>PT</b>	na	na	na	na	na	12620	na	na
<b>FI</b>	23584	23883	24005	24944	25739	27398	na	3.9%
<b>SE</b>	na	na	na	na	na	31621	30467	na
<b>UK</b>	na	na	na	29370	32269	37677	39233	10.1%
<b>EFTA Countries</b>								
<b>CH</b>	na	42194	na	40727	na	43683	na	0.9%
<b>Acceding and Candidate Countries</b>								
<b>CZ (**)</b>	na	na	na	3948	4118	4526	5148	9.3%
<b>EE (**)</b>	2043	2418	2881	3214	3530	3886	4343	13.4%
<b>CY</b>	na	na	14314	14963	15361	16811	17607	5.3%
<b>LV (**)</b>	1693	1832	2370	2564	2774	3246	3426	12.5%
<b>LT</b>	1385	1597	2286	2799	3017	na	na	21.5%
<b>HU</b>	3062	3158	3543	3686	3770	4574	5301	9.6%
<b>MT</b>	8747	9287	10114	10713	11581	12553	13320	7.3%
<b>PL</b>	na	3076	na	4156	5310	na	7509	19.5%
<b>SI (**)</b>	8176	8362	8841	9486	9935	10316	10850	4.8%
<b>SK</b>	na	na	3179	3292	3125	3583	3837	4.8%
<b>BG</b>	na	na	896	1216	1330	1436	1518	14.1%
<b>RO (**)</b>	1315	1398	1336	1639	1435	1748	2001	7.3%

(\*) For euro-zone countries percentages have been calculated using euro-fixed series

(\*\*) Full-time equivalents

*Table 1: Average annual gross earnings in Industry and Services, euro, 1995 - 2001*

In the euro-zone countries for which data is available, the average annual increase in earnings varies from 2.2% in France to 7.4% in Greece. For the three MS outside the euro-zone sufficient data for comparisons over time is only available for Denmark and the United Kingdom. The annual increases of these countries vary considerably with a maximum annual increase of 17%, which does not only reflect changes in earnings but also in exchange rates of the national currencies against the euro.

The exchange rate effect on the level and growth rates of annual gross earnings is even stronger for the AC and CC. Available figures show an average annual growth rate between 4.8% in Slovakia and Slovenia and 22% in Lithuania. Changes of earnings from one year to the next, expressed in euro, can be even higher, as can be seen in Lithuania between 1996 and 1997 as the extreme case.

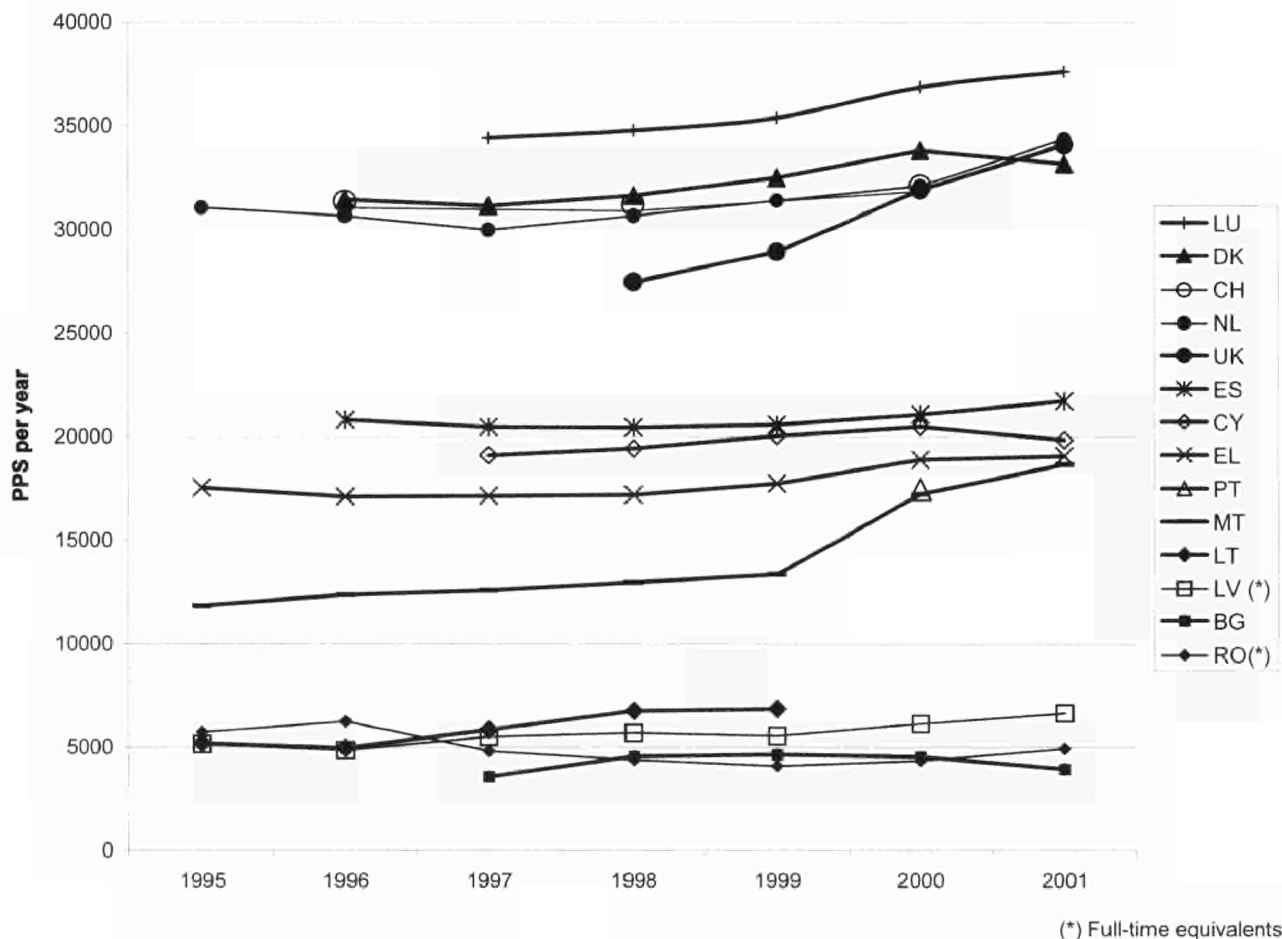


Figure 2: Average annual gross earnings in Industry and Services, for selected countries, in Purchasing Power Standards (PPS), 1995-2001

The analysis of time series in Purchasing Power Standards (PPS) removes the effect of price level differences. Figure 2 compares selected countries with the lowest and highest earnings expressed in PPS. When comparing earnings over the years they usually increase in euro as well as in PPS. But the % increase in PPS is generally much lower than the % increase in euro. Examples include Greece with a 37% increase in euro but only a 1% increase in PPS, Belgium (14% vs. 6%), the Netherlands (21% vs. 7%) and Hungary (73% vs. 32%). The different growth rates of earnings in euro

and PPS can also lead to changes in the ranking of countries. One example is Luxembourg, which, over the whole period, has the highest ranking in PPS whereas, in euro, Switzerland is ranked higher and the United Kingdom is ranked higher from 2000 onwards.

Annual increases of earnings expressed in PPS might be negative from one year to the next, i.e. earnings expressed in real terms decrease. Examples are Denmark, Italy, Cyprus and Bulgaria from 2000 to 2001.

### Average annual gross earnings: disaggregated results by economic activity

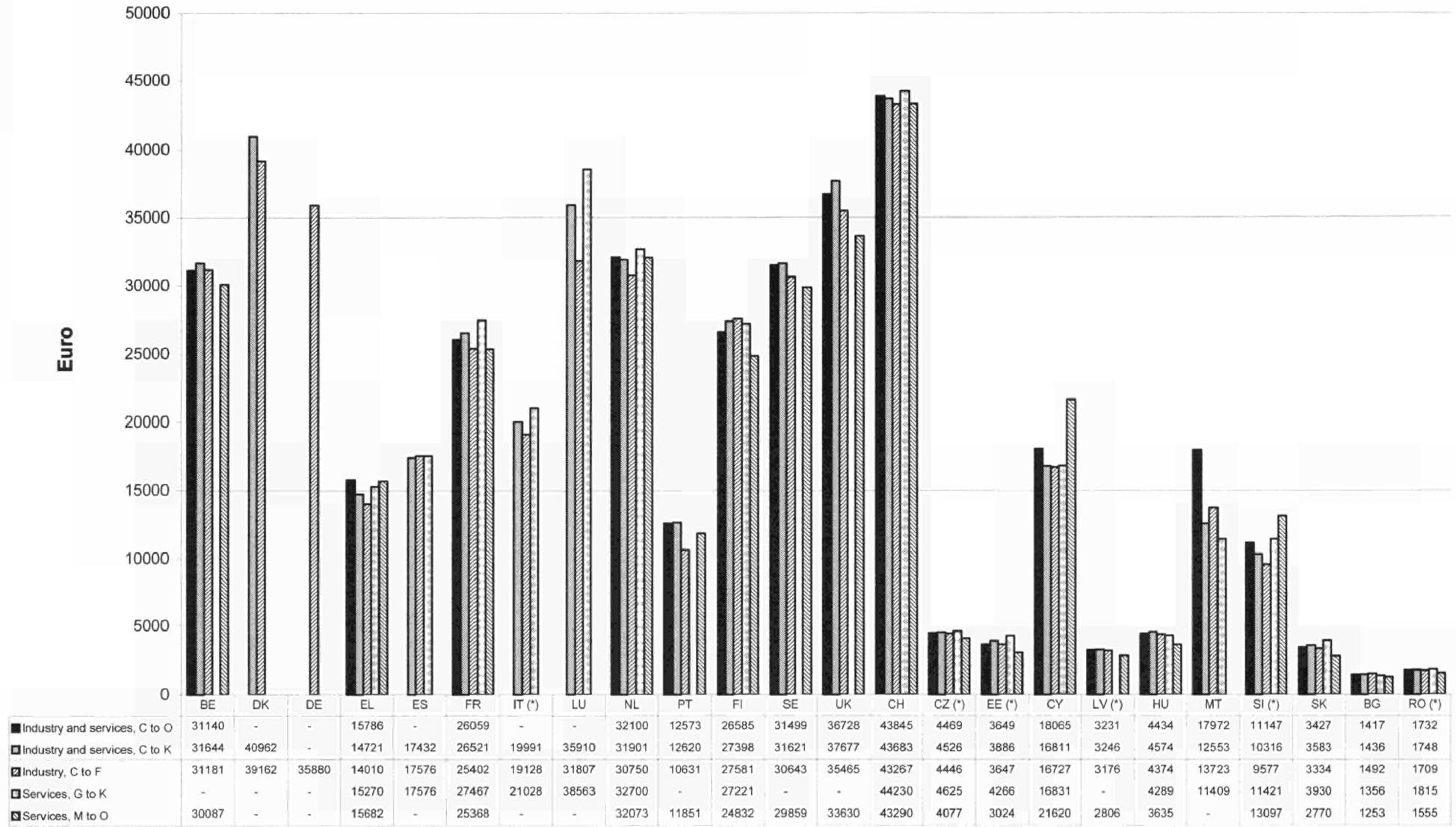
As far as detailed data for the year 2000 are available, earnings are generally lowest in Hotels and restaurants (section H). Among the MS, Portugal has the lowest level (8555 euro) and Bulgaria has the lowest earnings among the AC and CC (908 euro). In contrast, Financial intermediation (section J) has the highest earnings, the top figures among the MS being recorded in the United Kingdom (57646 euro) and in Malta (22032 euro) among the AC and CC.

Exceptions include Greece where the lowest earnings are in Construction (section F), Cyprus and Malta where the lowest earnings are in Wholesale and Retail Trade

(section G), the Slovak Republic with lowest earnings in Health and Social Work (section N), Belgium and France with the highest earnings in Energy (section E), Denmark and the Netherlands with the highest earnings in Mining and quarrying (section C) and Cyprus with highest earnings in Education (section M).

In Switzerland highest earnings are in Public administration (section L) and lowest earnings in Hotels and restaurants (section H).

Figure 3 shows earnings data by major groups of economic activity in 2000.



(\*) Full-time equivalents

Figure 3: Average annual gross earnings, broken down by major groups of economic activity, euro, 2000

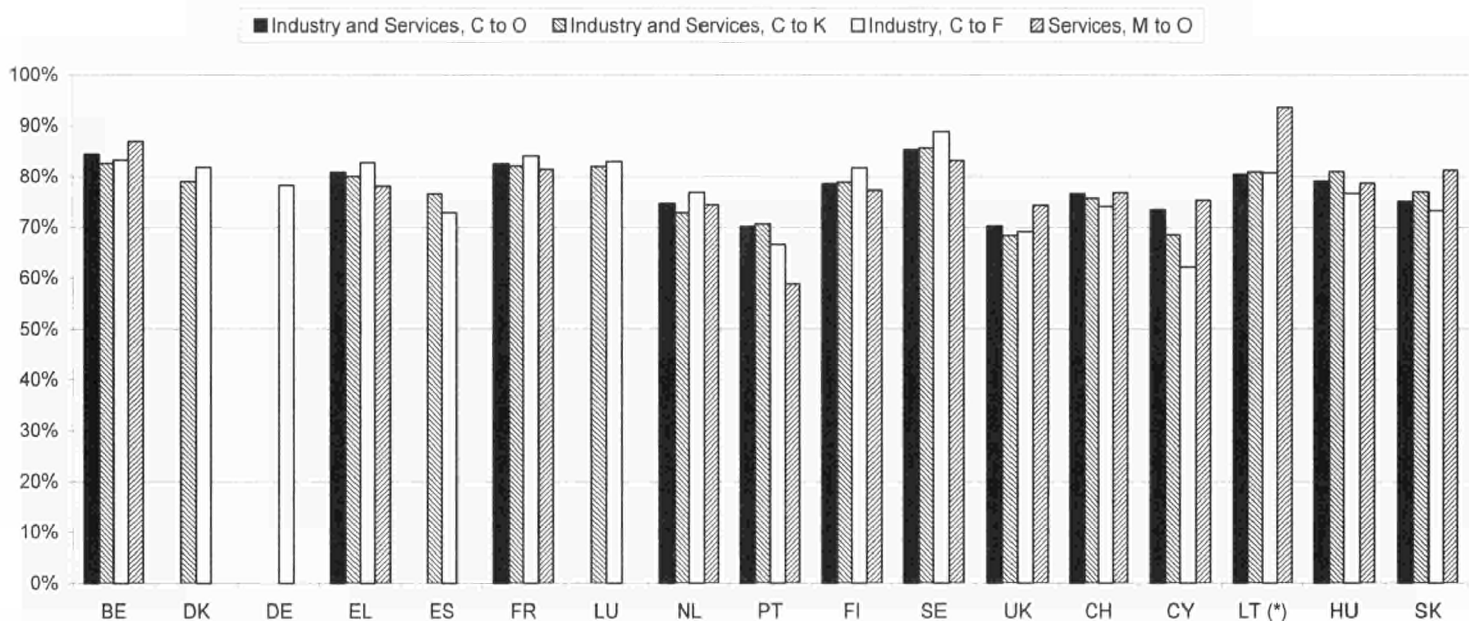
## Average annual gross earnings: disaggregated results by gender and economic activity

Throughout the countries, women's average full-time earnings are generally below the corresponding earnings of men. Figure 4 gives an overview of the female/male ratios in major groups of economic activity. In 2000, the earnings of women in Industry and Services working on a full-time basis expressed as a % of male earnings varied among the MS between 68% (United Kingdom) and 86% (Sweden), in the AC and CC between 69% (Cyprus) and 81% (Lithuania, Hungary) and in Switzerland the ratio is 76%.

These differences should primarily be interpreted as the result of comparing averages for two populations of employees with very different characteristics. Firstly, women and men generally do not have the same jobs. Secondly, working women tend to be younger. As a result, women, on average, have less seniority and less of an opportunity to be in management positions. Thirdly, the attainment levels of women are in general lower than those of men. There are, however, exceptions from this general rule. Due to exceptional factors, average gross annual earnings of women might be higher in certain sections than those of men. Examples can be found in table 2.

The ratio of average female to male earnings varies considerably between economic activities and countries. Examples of particularly high ratios can be found in Construction (section F) in France, Luxembourg and Hungary. An outstanding example of a low ratio is Financial Intermediation (section J) in the United Kingdom and in Hungary.

When restricting the analysis of the female/male ratio to differences between economic activities in individual countries, the range of the ratio is equal to or below 20 percentage-points in Denmark, Germany, the Netherlands and Cyprus. It is above 30 percentage-points in Belgium, France, Luxembourg, Portugal, Finland, the United Kingdom, Lithuania, Hungary and the Slovak Republic. For example, the ratio in the Netherlands is 82% in Construction (section F) and 62% in Financial intermediation (section J), corresponding to a range of 20 percentage-points. In contrast, the ratio in Hungary varies between 106% in Construction (section F) and 56% in Financial intermediation (section J), corresponding to a range of 50 percentage-points.



(\*) Full-time equivalents

Figure 4: Average annual gross earnings of women as a percentage of men's by major groups of economic activity, 2000

2000 Economic activity	Member States												EFTA	Acceding and Candidate Countries			
	BE	DK	DE	EL	ES	FR	LU	NL	PT	FI	SE	UK	CH	CY	LT (*)	HU	SK
C-O	84%	na	na	81%	na	83%	na	75%	70%	79%	85%	70%	77%	73%	80%	79%	75%
C-K	83%	79%	na	80%	77%	82%	82%	73%	71%	79%	86%	68%	76%	69%	81%	81%	77%
C-F	83%	82%	78%	83%	73%	84%	83%	77%	67%	82%	89%	69%	74%	62%	81%	77%	73%
G-K	na	na	na	76%	73%	79%	75%	70%	na	76%	na	na	75%	69%	80%	85%	77%
M-O	87%	na	na	78%	na	81%	na	74%	59%	77%	83%	74%	77%	75%	94%	79%	81%
C	<b>99%</b>	79%	91%	81%	na	92%	90%	na	94%	77%	90%	68%	na	65%	87%	81%	<b>93%</b>
D	79%	82%	76%	74%	na	79%	72%	75%	65%	80%	89%	68%	71%	<b>61%</b>	79%	73%	72%
E	<b>68%</b>	75%	82%	81%	na	83%	91%	81%	89%	77%	83%	70%	81%	75%	82%	80%	85%
F	<b>99%</b>	<b>84%</b>	<b>91%</b>	<b>94%</b>	102%	<b>100%</b>	<b>103%</b>	<b>82%</b>	90%	82%	90%	76%	<b>94%</b>	<b>79%</b>	90%	<b>106%</b>	86%
G	79%	<b>73%</b>	<b>74%</b>	76%	na	77%	<b>70%</b>	68%	71%	73%	83%	63%	72%	65%	85%	81%	<b>62%</b>
H	91%	<b>84%</b>	na	77%	na	85%	79%	82%	74%	<b>90%</b>	90%	72%	88%	75%	87%	78%	74%
I	91%	80%	na	<b>64%</b>	na	90%	84%	74%	<b>98%</b>	87%	<b>92%</b>	81%	85%	68%	87%	98%	91%
J	70%	<b>73%</b>	75%	73%	na	<b>64%</b>	72%	<b>62%</b>	80%	<b>57%</b>	<b>66%</b>	<b>46%</b>	<b>69%</b>	68%	<b>66%</b>	<b>56%</b>	68%
K	76%	<b>73%</b>	na	91%	na	72%	75%	70%	71%	75%	78%	66%	74%	66%	71%	85%	86%
L	89%	na	na	87%	na	88%	na	81%	na	79%	81%	72%	82%	77%	90%	81%	68%
M	87%	na	na	82%	na	78%	na	80%	77%	84%	86%	<b>83%</b>	77%	73%	<b>101%</b>	74%	87%
N	91%	na	na	67%	na	84%	na	69%	72%	72%	81%	69%	80%	65%	85%	81%	78%
O	80%	na	na	65%	na	75%	na	81%	64%	79%	85%	70%	71%	69%	86%	86%	80%

(\*) Full-time equivalents

Table 2: Average annual gross earnings of women as a percentage of men's by economic activity, 2000

## ➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Annual earnings data relate to enterprises with 10 or more employees, except for:

- HU - enterprises employing more than 4 employees.
- ES – enterprises employing more than 5 employees.
- BE, LU, UK, CZ, CY, SK, BG – enterprises from all size groups

All data relate to full-time employees except for CZ, EE, LV, SI, RO for which data relate to full-time equivalents (FTU).

Annual earnings data relate to the following sections:

C	Mining and quarrying	J	Financial intermediation
D	Manufacturing	K	Real estate, renting and business activities
E	Electricity, gas and water supply	L	Public administration
F	Construction	M	Education
G	Wholesale and retail trade; repair of motor vehicles and personal & household goods	N	Health and social work
H	Hotels and restaurants	O	Other service activities
I	Transport, storage and communication		

**Definition of annual gross earnings:** Total gross earnings paid during the reference year include overtime and regular cash supplements as well as vacation payments. Apart from regularly paid bonuses, all bonuses and payments which are not paid regularly are included (13<sup>th</sup> or 14<sup>th</sup> month payments, holiday bonuses, profit sharing, allowances for leave not taken, etc). The following items are not included: income in kind, severance payments and payments under profit-sharing schemes which take the form of dividend distributions.

**Purchasing Power Parities (PPPs) and Purchasing Power Standard (PPS):** To remove the effect of differences in price levels between the countries special conversion rates called Purchasing Power Parities (PPPs) have been used. In particular, PPPs for household final consumption expenditure in each country were used to convert the earnings expressed in national currencies to an artificial common currency called Purchasing Power Standard (PPS). The resulting earnings effectively show the purchasing power of the average gross annual earnings.

**Exchange rates:** For euro-zone countries, euro fixed series, i.e. applying the euro fixed exchange rate, have been used for the analysis of the time series of individual countries. For cross-country comparisons and for aggregations, series expressed in euro have been used.

**MS** – Among the EU Member States, the following 14 countries provided data on average annual gross earnings for full-time employees: Belgium (BE), Denmark (DK), Germany (DE), Greece (EL), Spain (ES), France (FR), Italy (IT), Luxembourg (LU), Netherlands (NL), Austria (AT), Portugal (PT), Finland (FI), Sweden (SE), United Kingdom (UK).

Data from Austria and Germany have been excluded from some of the figures and tables because of insufficient data for full-time employees for Austria and for several NACE sections for Germany.

**AC** – All 10 Acceding Countries provided data on average annual gross earnings: Czech Republic (CZ), Estonia (EE) Cyprus (CY), Latvia (LV), Lithuania (LT), Hungary (HU), Malta (MT), Poland (PL), Slovenia (SI), the Slovak Republic (SK).

**CC** - The following 2 Candidate Countries provided data on average annual gross earnings: Bulgaria (BG), Romania (RO).

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