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Innovations of Greek Law 5163/2024 Transposing Adequate Minimum Wage Directive (EU) 2022/2041

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Abstract

This article examines the main legal and institutional innovations introduced by Greek Law 5163/2024, which transposes Directive (EU) 2022/2041 on adequate minimum wages. Law 5163/2024 replaces the earlier, narrowly framed domestic regime with a comprehensive framework that establishes universal coverage and introduces new statutory definitions; extends minimum-wage protection to the public sector; mandates the development of an action plan to promote collective bargaining; strengthens the institutional architecture for evidence-based wage-setting; and institutes an automatic annual adjustment mechanism, subject to specific suspension grounds and safeguarded by a non-regression clause. The article analyses, interprets, and assesses each innovation, highlighting associated interpretative and governance challenges.

Keywords: Wage governance; Greek minimum wage law; Statutory minimum wage; Adequacy; Automatic adjustment; Action plan; Collective bargaining.

1. An overview: Greek law 5163/2024 – A new framework for minimum-wage governance.

With Law 5163/2024,[1] Greece transposes Directive (EU) 2022/2041 on adequate minimum wages[2] (hereinafter "the Directive"),[3] inaugurating a comprehensive regulatory and institutional framework for the determination of the national statutory minimum wage. The

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[1] Government Gazette Issue (FEK) A' 199/06.12.2024.

[2] OJ L 275, 25.10.2022, 33-47.

[3] For an overall analysis and commentary, *see* Ratti L., Brameshuber E., Pietrogiovanni V. (eds.), *The EU Directive Adequate Minimum Wages: Context, Commentary and Trajectories*, Hart Publishing, Oxford, 2024.

new law goes well beyond a minimal transposition of the Directive's provisions: it establishes a comprehensive system designed to guarantee the adequacy of minimum wages through an adjustment mechanism, to strengthen collective bargaining, and to ensure workers' effective access to the rights enshrined in the Directive. Unlike the earlier regime under Law 4172/2013, which focused narrowly on criteria and procedural aspects of setting the private-sector minimum wage,[4] Law 5163/2024 provides a holistic approach that expands coverage and provides for differentiations, enforcement mechanisms, and the creation of databases and monitoring tools to support evidence-based policymaking.

Rather than pursuing formalistic transposition, the legislator opted for a normative and institutional reconfiguration: it broadened the personal scope, introduced statutory definitions harmonised with those established at the EU level, instituted an automatic yearly adjustment formula, established new bodies, provided for an Action Plan and a systematic data collection, and enhanced the participation of social partners, while retaining ultimate decision-making authority. It thus marks a shift from ad hoc political decision-making to a rules-based, institutionalised model of wage governance.

2. Universal Coverage of Workers under the Minimum Wage.
2.1. The EU concept of worker.

According to Article 2 of the Directive, its personal scope includes all workers under a contract or employment relationship, as these concepts are defined by national law, collective agreements, or practices in each Member State, taking into account the case law of the Court of Justice of the European Union (CJEU). This formulation mirrors that of EU Directives 2019/1152, 2019/1158, and 2023/970, representing a third generation of EU labour law directives designed to implement the principles of the European Pillar of Social Rights. Directive 2019/1152 first introduced the "hybrid" definition of the worker in EU law, which the current Directive faithfully reproduces.[5] This raises interpretative challenges regarding how CJEU case law will be considered when incorporating and applying the Directive in national legal systems.

The combination of the two distinct concepts of "worker" (national and EU law) is expected to generate interpretive difficulties. While related, the two approaches are not identical. The national-law concept of the worker is narrower than the EU-law concept.[6]

[4] For an overview of the wage-setting system in Greece, *see* Yannakourou S, *Cyprus and Greece*, in Ratti L., Brameshuber E., Pietrogiovanni V. (eds.), *The EU Directive Adequate Minimum Wages: Context, Commentary and Trajectories*, Hart Publishing, Oxford, 2024, 397-400. On the earlier regime *see* Goulas D., *The Legal Framework for Regulating the Minimum Wage*, in *Epitheorissis Ergatikou Dikaiou – EErgD* (*Hellenic Labour Law Journal)*, 78, 1, 2019, 1; Papadimitriou K., *The 'Statutory' Minimum Wage*, in *Epitheorissis Ergatikou Dikaiou – EErgD* (*Hellenic Labour Law Journal)*, 73, 1, 2014, 5, where the primary features and limitations of the previous framework are analysed in detail.

[5] The term 'hybrid' was adopted for the first time by Bednarowicz B., *Delivering on the European Pillar of social rights: the new directive on transparent and predictable working conditions in the European Union*, *Industrial Law Journal*, 48, 4, 2019, 613.

[6] Countouris N., *The Concept of "Worker" in European Labour Law: Fragmentation, Autonomy and Scope*, in *Industrial Law Journal*, 47, 2, 2018; Menegatti E., *Scope (Article 2)*, in Ratti L., Brameshuber E., Pietrogiovanni V. (eds.), *The*

Under EU law, it suffices that a person provides services to another under their direction for remuneration. Even though this definition resembles the dependent worker under most national legal systems, it differs in two critical respects: (a) the CJEU interprets "direction" not merely as supervision and control but also as simple coordination of work activity,[7] and (b) the ongoing commitment of the worker's physical and intellectual effort, central to national dependency-based frameworks, is irrelevant for the EU-law characterisation of a worker.[8] Consequently, the EU concept encompasses categories not considered "employees" under national law,[9] excluding only genuinely self-employed persons. In other words, as long as some minimal work is performed—even occasionally or irregularly, upon call, without obligation or guaranteed hours—and remuneration is received, the activity falls within the EU-law definition of a worker.[10] Public employees under public-law contracts can therefore also qualify as workers.

Should the CJEU find in the future that a national definition of a worker is restrictive and excludes certain workers from the application of minimum-wage provisions, it will adopt its established interpretative practice: a broad teleological approach based on the Directive's purpose, ensuring its practical effectiveness (*effet utile*), thereby overriding narrow national definitions that undermine this effect.[11] The Directive's purpose is to secure access to minimum-wage protection for workers with atypical or "non-standard" employment relationships. Recital 21 clarifies that Article 2 aims to prevent the exclusion of an increasing number of workers in non-standard employment, such as domestic workers, on-demand workers, intermittent workers, casual workers, pseudo-self-employed persons, platform workers, interns, and apprentices. The Directive applies to these workers if they meet the CJEU's criteria for a "worker," not the narrower national criteria for dependent employment.

2.2. Universal inclusion of all private-sector workers under Law 5163/2024.

Law 5163/2024 establishes universal inclusion of all private-sector workers under the statutory minimum-wage regime, effectively eliminating previous gaps and ambiguities. For the first time, no category of private employee is excluded, except seafarers, who remain governed by their sectoral collective agreements. The law resolves older jurisprudential doubts about whether domestic workers, on-call, or standby employees were entitled to the minimum wage: it now confirms that every worker, regardless of contract type, enjoys that right. A key innovation is the adoption of the EU-law definition of "worker," which looks

EU Directive Adequate Minimum Wages: Context, Commentary and Trajectories, Hart Publishing, Oxford, 2024, 157; Menegatti E., *The Evolving concept of "worker" in EU law*, in *Italian Labour Law e-Journal*, 12, 1, 2019; Zerdelis D., *European Labour Law*, Sakkoulas, Athens – Thessaloniki, 2024, 82 ff.

[7] C-232/09, *Danosa*, ECLI :EU:C:2010:486; C-229/14, *Balkaya*, ECLI:EU:C:2015:455.

[8] Menegatti E., *Taking EU labour law beyond the employment contract: The role played by the European Court of Justice*, in *European Labour Law Journal*, 11, 1, 2020, 26-47.

[9] C-413/13, *FNV Kunsten Informatie en Media*, ECLI:EU:C:2014:2215, paras. 35-36.

[10] C-357/89, *Raulin*, ECLI:EU:C:1992:87, paras. 9-11.

[11] On the meaning of the reference to the CJEU elaboration for the interpretation of art. 2 of the Directive, *see* Menegatti E., nt. (6), 2024, 165-167.

at the reality of the relationship rather than formal classification under national law. This broader concept includes anyone performing genuine, remunerated economic activity under another's direction, potentially covering platform workers, trainees, apprentices, and economically dependent self-employed persons.

Under Greek law, Article 2 requires revising outdated jurisprudential positions that excluded domestic workers and standby employees from minimum-wage protection. Prevailing Greek case law has traditionally treated live in domestic workers as outside the statutory minimum-wage regime, with pay either agreed between employer and employee or, absent agreement, set at the customary wage under Article 653 of the Civil Code, even if below the legal minimum. This approach has been criticised as legally unfounded.[12] Domestic workers are considered workers under both Greek and EU law[13] and therefore fall within the Directive's scope. They must also be included in the calculation of coverage by collective agreements, as Law 1876/1990 applies to all private-law dependent employment, irrespective of workplace location.

Greek jurisprudence has likewise excluded simple availability and stand-by work from minimum-wage provisions, reasoning that the worker is only partially on alert.[14] This distinction is legally irrelevant under EU law: actual and genuine work activity with economic value is the decisive criterion, regardless of occasional, short, or irregular work, low productivity, or limited hours.[15] Accordingly, workers in simple availability or on-call situations fall within the Directive's minimum-wage rules (Chapter II, Articles 5–8). Simple availability constitutes dependent employment, as recognised by Greek courts,[16] though they have arbitrarily excluded it from labour law provisions. Consequently, such workers fall under Article 1 of Law 1876/1990 on collective bargaining and must be counted in collective-agreement coverage calculations.

In practice, this approach closes the protection gap for non-standard and precarious employment, ensuring that the right to a minimum wage follows the substance of work rather than its legal label. It represents a decisive step toward equal treatment, inclusiveness, and compliance with EU social-policy standards.

[12] Zerdelis D., *Labour Law – Individual Labour Relations*, Sakkoulas, Athens-Thessaloniki, 2022, 102; Koukiadis I., *Individual Labour Relations and Flexibility Law*, Sakkoulas, Athens-Thessaloniki, 2024, 281; Levendis G., Papadimitriou K., *Individual Labour Law*, DEN editions, Athens, 2011, 89; Charissis D. (2021), *Domestic workers*, in Ladas D. (ed.), *Flexible forms of employment*, Nomiki Vivliothiki, Athens, 491.

[13] C-294/06 *Payir and Others*, ECLI:EU:C:2008:36.

[14] Tsimpoukis C., *Working time and rest periods: Readiness for work in Greek and EU case law* , in *Epitheorissis Ergatikou Dikaiou – EErgD (Hellenic Labour Law Journal)*, 82, 1, 2023, 49-51; idem, *Simple readiness for work – Commentary on Supreme Civil Court (Areios Pagos) Decision No. 70/2010*, in *Epitheorissis Ergatikou Dikaiou – EErgD (Hellenic Labour Law Journal)*, 69, 16, 2010, 1089; Zerdelis D., *The Statutory Minimum Wage: Strengthening or Undermining Collective Autonomy?*, in *Epitheorissis Ergatikou Dikaiou – EErgD* (*Hellenic Labour Law Journal)*, 83, 10, 2024, 1179.

[15] C-357/89, *Raulin*, ECLI:EU:C:1992:87.

[16] Supreme Civil Court (Areios Pagos) 9/2023, *DEE* 2023, 814; Supreme Civil Court (Areios Pagos) 230/2016, *DEE* 2016.1284; Supreme Civil Court (Areios Pagos) 962/2007, *EErgD* 2008, 424; Supreme Civil Court (Areios Pagos) 1328/2006, *EErgD* 2008, 151.

2.3. Public sector integration and minimum wage equalisation.

A central innovation of Law 5163/2024 is the extension of the statutory minimum-wage regime to the public sector.[17] Article 3 applies the minimum wage to all personnel employed within the General Government, public-law entities, state-owned undertakings, and listed companies with state participation, thereby covering permanent officials, probationary civil servants, fixed- and indefinite-term contract staff, workers in public utilities, and personnel remunerated under special pay scales (e.g., judges, armed forces and security personnel, university faculty members, diplomats, etc.).

The law introduces a strict equalisation rule: the entry-level salary of the lowest public-service category – Compulsory Education (C.E.) – must always equal the statutory minimum wage applicable in the private sector, and this linkage functions automatically. Thus, the increase of the statutory minimum wage in April 2025 from €850 to €880 was directly replicated in the C.E. category, and the adjustment cascaded across all higher public-sector educational categories, namely Secondary Education (S.E.), Technical Education (T.E.), and University Education (U.E.), as well as across special remuneration regimes.

Through this mechanism, Greece now operates with a unified wage floor across sectors, a measure that enhances transparency and reinforces fairness while anchoring public remuneration to statutory standards of adequacy. The reform has both symbolic and redistributive significance, as it recognises the minimum wage as a universal reference point for labour-market protection rather than a private-sector-specific benchmark.

3. New statutory definitions – Interpretative issues and challenges.

For the first time, Greek Law 5163/2024 introduces statutory legal definitions for several key concepts concerning minimum wages and collective bargaining – such as "minimum wage," "statutory minimum wage," "collective bargaining," "collective agreement," and "collective bargaining coverage".

These definitions directly transpose the autonomous EU definitions from Article 3 of Directive (EU) 2022/2041 and therefore have binding interpretative value**.** Their adoption marks a significant innovation in Greek labour law, establishing conceptual clarity and ensuring that national terms are aligned with EU terminology.[18] This contributes to consistency and legal certainty but also limits the autonomy of national interpretation.

However, these definitions also create complex interpretative questions, especially regarding how "collective bargaining coverage" should be measured and what forms of regulation it includes.[19] As an example three issues may be pointed out:[20]

[17] Yannakourou M., *Law 5163/2024 on the transposition of Directive 2022/2041 into Greek law and the Opinion of the Advocate General of the CJEU in favor of its annulment* in *Epitheorissis Ergatikou Dikaiou – EErgD (Hellenic Labour Law Journal)*, 84, 2, 2025, 361.
[18] Yannakourou M., Directive 2022/2041/EU on Adequate Minimum Wages in the EU and Its Impact on Greek Law, in *Epitheorissis Ergatikou Dikaiou – EErgD (Hellenic Labour Law Journal)*, 83, 1, 2024, 11 ff.
[19] Yannakourou M., nt (18); 13 ff.
[20] Yannakourou M., nt. (17), 362 ff.

i. Inclusion of arbitration awards in "coverage"?

Under Greek law, collective agreements (CAs) and arbitration awards are distinct legal categories both of which are considered as sources of substantive law. While both are legally binding, they differ conceptually and typologically. Article 4(5) of Law 5163/2024 defines a collective agreement as a written agreement establishing pay and working conditions, concluded between a trade union and an employer or employers' organization. By definition, arbitration, in which the parties are substituted by a third-party body, does not meet this criterion.

The Directive does not explicitly mention arbitration awards in either its main provisions or recitals, even though arbitration is a widely used alternative mechanism for resolving collective disputes in many Member States. This omission can be interpreted as intentional (*argumentum ex silentio*). International statistical databases (e.g., ILOSTAT, OECD/AIAS ICTWSS) also exclude arbitration awards from collective bargaining coverage data, creating a potential risk of inconsistency between Greece and other Member States.

Furthermore, unilateral recourse to arbitration under Greek law (Article 16(2) of Law 1876/1990) is allowed only in exceptional cases of public interest and public utilities, as it limits collective autonomy. Since the Directive emphasises strengthening collective autonomy, such arbitrations fall outside its scope. Even if arbitration awards were to be included in coverage calculations, those issued following unilateral recourse should be excluded, to avoid confusion in reporting to the European Commission.

ii. Inclusion of company-level collective agreements concluded by associations of persons?

A further issue is whether company-level collective agreements concluded by associations of persons (Article 37 of Law 4024/2011) should be counted in coverage calculations. Greek law recognises such associations as legally capable of negotiating collective agreements, classifying them as "trade unions" under a broad interpretation.

However, the Directive and related European Commission guidance adopt a more restrictive approach. According to the Commission, only agreements concluded by classical trade unions qualify as "trade unions" for Directive purposes.[21] Collective agreements signed by other legally recognised workers' organisations, even if valid under national law, may not be counted. This reflects the Directive's autonomous EU definition of trade unions, which cannot be expanded by national idiosyncrasies. By contrast, the Greek translation of "trade unions" could be interpreted more broadly to include associations of persons, but this may

[21] Report of the Expert Group on the Transposition of Directive (EU) 2022/2041, November 2023, 18-19: «*Article 3(5) 'collective bargaining coverage'. A Member State expert asked whether only collective agreements concluded by trade unions should be considered for the calculation of the collective bargaining coverage rate, pointing out that in his country there are many company level agreements not concluded by trade unions, but by Works Councils. Another Member State expert pointed out that the definition of collective agreements set in Article 3(4) refers to agreements 'concluded by the social partners that have the capacity to bargain on behalf of workers' and not to those concluded by 'trade unions'. Hence, collective agreements concluded by workers' organizations other than trade unions that have the capacity to bargain on behalf of workers in accordance with national law should also be taken into account for the calculation of the collective bargaining coverage rate.* […]. *The Commission services indicated that, in their view, only collective agreements concluded by trade unions should be taken into consideration. When the definitions of collective bargaining (Article 3(3)) and collective agreement (Article 3(4)) are read jointly, it is clear that, in the intention of the co-legislators, only collective agreements signed by trade unions should be taken into account*».

not align with EU practice. The same logic applies to other representative bodies, such as Works Councils.

iii. Extent of coverage: de jure vs. de facto application.

Article 3(5) of the Directive defines collective bargaining coverage as "the percentage of employees at national level for whom a collective agreement applies." The use of "applies" reflects a factual rather than strictly formal-legal approach. It does not require formal legal binding, such as employer membership in a signatory organisation or statutory extension; rather, coverage may rely on the actual, practical application of a CA.

Accordingly, the following employees may be included in coverage calculations:

- Employees whose employer is legally bound by a CA (through membership in a signatory employer organisation, accession to the agreement, or statutory extension).
- Employees whose individual contracts explicitly refer to the CA's terms.
- Employees to whom the CA's terms are effectively applied in practice, even without formal legal obligation.

Voluntary application of a CA by an employer is legally treated equivalently to formal entry into an employer organization, binding the employer to the agreement.[22]

This broad interpretation aligns with the Directive's goal of strengthening collective bargaining and improving wages and working conditions, rather than merely recording formal legal obligation.

Adopting a practical, fact-based approach to coverage poses challenges for data collection. International databases (e.g., OECD, ICTWSS) typically rely on legally documented coverage; therefore, if Greek authorities apply the "coverage in practice" criterion, the resulting statistics may not be comparable with those of other Member States.

It also raises the question of whether voluntary, informal application of a CA by employers without legal obligation suffices to count employees as "covered." Interpretatively, the answer is yes, provided there is consistent and general application of the CA's terms in individual employment relationships. Methodologically, clear documentation and administrative oversight (e.g., reporting through the ERGANI system)[23] are needed to prevent arbitrary inflation of coverage statistics.

4. Action Plan for collective bargaining – A historic tripartite social agreement.[24]

Article 5 of Law 5163/2024 introduces a new obligation for the Ministry of Labour to prepare an Action Plan to enhance collective bargaining coverage whenever national

[22] Zerdelis D., nt. (14), 1180.
[23] Ergani is the official digital registry of employment relationships in Greece, helping enforce labor rights and monitor workforce statistics. It is an online platform maintained by the Ministry of Labor and Social Affairs that serves as a central tool for managing employment relations, labor data, and social security obligations. Through Ergani, employers can register employment contracts and report new hires or terminations and record working hours and leave (e.g., vacation, sick leave). It ensures compliance with labor laws and collective agreements and facilitates inspections and audits by labor authorities.
[24] Yannakourou M., nt. (17), 365.

coverage falls below the Directive's 80% benchmark, a statistical threshold and not a binding target.[25] The Action Plan must be developed in consultation with the social partners -trade unions and employers' associations- or on the basis of their joint proposals, thereby embedding social dialogue at the core of the process.

Covering a period of one to five years, each Plan must include a clear timetable**,** concrete policy measures, and a mechanism for monitoring progress. The list of potential measures provided in the law is indicative, giving the Ministry broad flexibility to select actions suited to national conditions, including those aimed at encouraging sectoral bargaining or strengthening the organisational capacity of the social partners. The objective is not only to increase the numerical rate of collective bargaining coverage but also to improve the institutional conditions necessary for collective bargaining to function effectively and sustainably.

The law requires that the first Action Plan be issued within one year of the entry into force of the implementing legislation -by December 2025- ensuring timely compliance with EU obligations and creating a structured framework for the gradual expansion of collective bargaining coverage in Greece.[26]

Within this broader policy framework, a "Social Agreement" for the Strengthening of Collective Labour Agreement**s** was signed on 26 November 2025 between the Ministry of Labour and Social Security and the national social partners.[27] The Agreement sets out a coherent package of structural measures designed to reinforce collective bargaining mechanisms, improve legal certainty, and modernise the system for concluding, applying, and extending collective labour agreements. Key commitments include: facilitating the conclusion of sectoral collective agreements by recognising a subsidiary competence for the national confederation of workers (GSEE) to sign or co-sign sectoral agreements when requested by an affiliated federation; clarifying the scope of sectoral agreements through explicit reference to economic activity codes (ΚΑΔ); adjusting the operation of the General

[25] Case C-19/23, *Denmark v European Parliament and Council*, Judgment of the Court (Grand Chamber) of 11 November 2025, ECLI:EU:C:2025:865, para 79. For brief comments on this landmark decision, *see* Ratti L., *Op-Ed: "Out of the Shadows: The Court of Justice and the Limits of EU Law Competence on Determining Minimum Wages"*, in *EU LAW Live*, 18 November 2025, https://eulawlive.com/op-ed-out-of-the-shadows-the-court-of-justice-and-the-limits-of-eu-law-competence-on-determining-minimum-wages/; Müller T., Schulten T., *After Landmark EU Court Judgement: The EU Minimum Wages Directive Is Alive and Kicking*, in *Social* Europe, 20 November 2025, https://www.socialeurope.eu/after-landmark-eu-court-judgement-the-eu-minimum-wages-directive-is-alive-and-kicking; Katsaroumbas I., Arabadjieva K., *The CJEU ruling on the Adequate Minimum Wages Directive: Opening a door for progressive social experimentation? (Part II)*, in *Oxford Human Rights Hub*, 3 December 2025, https://ohrh.law.ox.ac.uk/the-cjeu-ruling-on-the-adequate-minimum-wages-directive-opening-a-door-for-progressive-social-experimentation-part-ii/; Yannakourou, S., Το ΔΕΕ επιβεβαιώνει τη νομιμότητα της Οδηγίας 2022/2041 για επαρκείς κατώτατους μισθούς στην ΕΕ (ΔΕΕ 11.11.2025, C-19/23) *(The CJEU confirms the legality of Directive 2022/2041 on adequate minimum wages in the EU (CJEU 11.11.2025, C-19/23)*, in *Nomiki Vibliothiki*, 26 November 2025, https://daily.nb.org/arthrografia/arthra/to-dee-epivevaionei-ti-nomimotita-tis-odigias-2022-2041-gia-eparkeis-katotatous-misthous-stin-ee-dee-11-11-2025-c-19-23/.

[26] A five-year Action Plan is imminent and will be adopted shortly by decision of the Minister of Labour and Social Affairs.

[27] *Greece Restores Collective Labor Agreements*, https://www.ot.gr/2025/11/27/english-edition/greece-restores-collective-labor-agreements/; *Collective Labour Agreements Return to the Forefront: The New Social Agreement and the Reshaping of Greece's Labour Framework*, available at https://kremalis.com/collective-labour-agreements-return-to-the-forefront-the-new-social-agreement-and-the-reshaping-of-greeces-labour-framework/.

Registry of Trade Union Organisations and the General Registry of Employers' Organisations by limiting the volume of information required and easing related sanctions; ensuring full continuation (after expiry effect – "metenergeia") of normative terms of collective agreements and explicit binding effect for newly hired workers during the three-month extension period; lowering the quantitative threshold for the extension of agreements from 50% to 40% of sectoral employment—with presumed fulfilment of that threshold where agreements are concluded jointly by GSEE and the most representative national employer organisation; and reforming the Mediation and Arbitration Service (ΟΜΕΔ), including the creation of a pre-screening committee for unilateral applications and abolishing the second-instance arbitration level to expedite dispute resolution.[28]

Based on these commitments, a draft bill will be introduced before the Hellenic Parliament during the first quarter of 2026, with the purpose of giving binding legal force to the "Social Agreement" and embedding these reforms into the statutory framework governing collective bargaining.

The national Social Agreement concluded between the social partners and the Minister of Labour and Social Affairs constitutes a landmark development, particularly in light of Greece's lack of a tradition of tripartite social pacts. Its significance is twofold. Symbolically, it marks the abandonment of key austerity-era mechanisms; practically, it improves workers' earnings and strengthens the institutional stability of collective bargaining. Under the memorandum framework, collective agreements or arbitration awards remained in force for only three months after their expiry, enabling employers thereafter to impose unilateral wage reductions of approximately 35-40%. The new regime restores full continuation of all normative terms of collective arrangements -wage provisions as well as institutional clauses- until a new agreement is concluded. This ensures continuity of remuneration and working conditions, while also correcting distortions of competition between firms that previously benefited from unilateral wage cuts.

A core innovation concerns the enhanced role of the Hellenic Confederation of Labour (GSEE). Once the legislative amendments take effect, GSEE will be able to sign or co-sign national-level sectoral agreements when invited by an affiliated federation. Where the employer side is represented by a third-tier employers' organisation -such as the Hellenic Federation of Enterprises (SEV)- the agreement will become universally applicable within the sector without the need to demonstrate coverage of at least 40% of undertakings. These agreements will therefore acquire automatic sector-wide effect, bypassing representativeness checks and ensuring uniform application of terms.

Although the reduction of the representativeness threshold for extending sectoral agreements – from 50% to 40% of workforce coverage – may appear modest, it carries important symbolic and systemic implications. It is intended to counteract the weakening and fragmentation of employer representation that intensified during the austerity period and to promote sectoral bargaining structures capable of delivering broad-based and predictable outcomes. It must, however, be emphasised that the reduction of the representativeness

[28] On the arbitration of collective labour disputes, *see* Goulas S., *A Contribution to the Transposition of Directive 2022/2041 into Greek Law: The Action Plan for Collective Bargaining*, in *Epitheorissis Ergatikou Dikaiou – EErgD (Hellenic Labour Law Journal)*, 83, 1, 2024, 76 ff.

threshold to 40% for extending sectoral agreements does not eliminate existing structural vulnerabilities. In particular, nothing prevents an employer from withdrawing from a contracting sectoral employers' organisation, thereby reducing the organisation's representativeness below the required 40% threshold. This possibility reveals a persistent fragility of the extension mechanism and underscores that its effectiveness continues to depend on stable membership within employers' associations. The Agreement therefore improves the technical conditions for extension but does not fully shield sectoral bargaining from strategic exit behaviour by employers. This limitation highlights the need for supplementary regulatory safeguards or incentives to maintain organisational affiliation and ensure durable coverage outcomes.

5. Reform of the Minimum Wage-Setting Mechanism: two-phase implementation.

The reform of the minimum wage-setting mechanism constitutes a major institutional shift, replacing the current model with a new two-stage system centred on automatic adjustment.[29] Its core aim is to establish a predictable, transparent and evidence-based framework for determining wage levels. During the first stage (2025-2027), the system will operate in a transitional form, enriched with broadened criteria and supported by a structured process of consultation with social partners (5.1.). From 2028 onwards, the mechanism will become fully automated, applying a mathematical formula that integrates inflation dynamics and developments in wage purchasing power. This new model depoliticises the process, grounds adjustments in measurable economic indicators, and brings national practice into alignment with emerging EU standards (5.2.).

5.1. Transitional phase of minimum wage determination (2025-2027).

During the transitional period 2025-2027, the reform introduces a structured and more predictable annual adjustment cycle. The revised timeline provides that the process begins every August and must be concluded by December, so that the revised statutory minimum wage takes effect from 1 January of each year.

A central innovation concerns the expansion and refinement of the evaluation framework. Although the four adequacy criteria originally provided for in Directive (EU) 2022/2041 are no longer mandatory following the annulment of Article 5 (2) of the Directive by the CJUE (C-19/23),[30] national legislation nonetheless conceptually incorporates them into the assessment methodology, integrating them with domestic criteria already in place. Thus, the minimum wage is evaluated against a broad set of criteria, including: the purchasing power of the statutory minimum; its adequacy in light of living costs and household needs;

[29] Yannakourou M., nt. (17), 366 ff.

[30] Case C-19/23, *Denmark v European Parliament and Council*, Judgment of the Court (Grand Chamber) of 11 November 2025, paras. 94-96, 101.

general wage levels and wage distribution in the economy and overall wage growth. These operate alongside long-standing macroeconomic criteria, such as productivity developments, unemployment, competitiveness and economic performance.

Importantly, these criteria are not hierarchised and no one enjoys elevated weighting *ex lege*. Rather, the legislation expressly allows for a weighting of criteria depending on economic conditions and the supporting documentation submitted in each wage-setting cycle. No statutory reference is made to specific adequacy indicators – such as the Kaitz index or poverty benchmarks – leaving methodological selection to the competent Scientific Committee.

Institutional reinforcement of this process is achieved through the establishment of two new bodies. First, a Scientific Committee composed of five independent experts in economics, including labour economics, produces evidence-based assessments, comparative analyses and adequacy evaluations, drawing on international and domestic data. Second, a bipartite Consultation Committee brings together employer and worker organisations from both private and public sectors and issues opinions on wage levels, the application of criteria and the appropriateness of selected indicators. The establishment of a Consultation Committee responds to the obligation set out in Article 7 of the Directive, according to which each Member State must designate or constitute a consultative body on the minimum wage, with the participation of social partners. Social partners should be represented in the consultative body that provides advice to the competent authorities on minimum wages, as well as in the process of collecting and reviewing relevant data. This participation must be ensured with full respect for collective autonomy. In several European legal systems, tripartite social dialogue bodies have already been established, facilitating the participation of all relevant stakeholders. In the case of Greece, the previous legislative framework included a consultation process for determining the minimum wage but did not provide for the establishment of a formal consultative body as defined in the Directive (Article 7).[31]

For the full and proper transposition of paragraph 6 of Article 5 of the Directive, it was deemed necessary to reform the existing procedure with the aim of instituting an independent advisory body that would institutionally guarantee the participation of social partners at all stages of minimum wage determination. This model strengthens the role of social partners. Participation becomes continuous, structured and formally recorded, and must be accompanied by access to relevant information and reasoned responses to their submissions, even though the final decision remains with the State.

Overall, the transitional stage represents a decisive move away from politically driven adjustments towards a multi-criteria assessment framework. By institutionalising expert input and structured social dialogue, it establishes transparency, procedural stability and a substantive basis for adequacy assessments, preparing the ground for full automation of minimum wage setting from 2028 onwards.

[31] Yannakourou M., nt. (18), 25-26.

5.2. The permanent minimum wage-setting mechanism (from 2028 onwards).

From 1 January 2028, the minimum wage will be adjusted automatically using a fully formula-based mechanism. The annual adjustment coefficient is calculated as the sum of the inflation rate for the lowest-income 20% of earners (poverty inflation) and half of the change in the purchasing power of the average wage. The reference period runs from 1 July of the previous year to 30 June of the current year. For example, with 6.4% inflation for the bottom 20% and 2.0% growth in average wage purchasing power, the adjustment coefficient is 7.4% (6,4% + 2%:2 = 1%), increasing a minimum wage of €950 to €1,020.30. Data sources include Hellenic Statistical Service (ELSTAT) for inflation and the Scientific Committee for wage and productivity data.

Automatic adjustment may be suspended on specific grounds, such as considerable recession, significant divergence from the European Central Bank (ECB) inflation target, major external account imbalances, substantial unemployment increases, misalignment with productivity trends or the 60% reference to gross median wage, fiscal constraints, or extraordinary circumstances. The law leaves terms such as "considerable" or "extraordinary" undefined, granting the Scientific Committee wide interpretive discretion. A non-regression clause ensures that even if the formula produces a negative rate, the minimum wage cannot decrease. So, the non-regression clause is a key mechanism in the system, which ensures that even if the formula yields a negative adjustment, the minimum wage cannot be reduced. Although Article 5(3) of the Directive, which originally codified this clause, was annulled by the CJEU,[32] the Greek legislator deliberately chose to maintain a system of automatic annual adjustments that explicitly prevents decreases in the minimum wage. This policy choice reflects a conscious commitment to protecting workers' remuneration, taking into account international best practices in comparable EU countries such as Belgium, France, Luxembourg, and Malta, where automatic adjustment mechanisms have historically never led to reductions in the statutory minimum wage.[33]

While the new minimum wage mechanism enhances transparency, predictability, and stability, several critical concerns arise.[34] The adopted mechanism did not include an adequacy indicator (e.g., the Kaitz index) or reference to a decent standard of living. Its binding effect, particularly on political authorities, raises questions about who and by what means will assess whether the automatically adjusted minimum wage meets adequacy objectives. This grants wide discretion to the Scientific Committee, an expert body composed solely of economists. Equally, there is no provision for government corrective intervention to override the factor when needed for social cohesion. By contrast, the French experience -which served as the model for the formula's adoption- demonstrates that, despite automatic adjustments of the SMIC, the government may grant additional increases ("coup de pouce") to bolster purchasing power.

[32] Case C-19/23, *Denmark v European Parliament and Council*, Judgment of the Court (Grand Chamber) of 11 November 2025, paras. 97-98, 101.
[33] Müller T., Schulten T., nt. (25).
[34] Yannakourou M., nt. (17), 369.

Further, the Directive neither mandates nor encourages automatic adjustment mechanisms. It allows them as a supplementary tool. Consultation with social partners remains essential, and reliance on automatic adjustment as the sole tool would undermine flexibility and fall short of the Directive's requirements.[35]

Overall, the binding adjustment formula leaves limited space for discretionary policy responses to crises, economic shocks, or emerging inequality, potentially weakening the capacity of social partners to influence outcomes in real time. The mechanism relies on a narrow set of economic indicators, focusing primarily on inflation for low-income earners and average wage growth, while ignoring broader measures of adequacy, income distribution, and household needs. The system lacks a corrective or discretionary mechanism to address extraordinary circumstances (e.g., the pandemic), although the non-regression clause ensures that the minimum wage cannot be reduced. Although the role of social partners is enhanced during the transitional stage, it remains subsidiary to the predominant authority of the Scientific Committee under the permanent mechanism. However, directive (EU) 2022/2041 emphasises that automatic adjustment mechanisms should complement – not replace – social dialogue. In practice, the Greek model risks an over-reliance on technocratic calculation, potentially undermining the participatory governance dimension of wage-setting.

6. Conclusions.

The reform introduced by Law 5163/2024 marks a decisive institutional shift toward stability and predictability in the determination of the minimum wage. By embedding an automatic mechanism of adjustment, the new framework replaces ad hoc political discretion with predefined, rule-based revisions that occur on an annual basis. This development enhances transparency and legal certainty, particularly for enterprises and wage earners, who can anticipate wage changes within a known timeframe and based on publicly verifiable indicators.

However, this improvement is accompanied by structural constraints on flexibility. Although the law sets out grounds for suspending automatic adjustments, these grounds are formulated in broad and indeterminate terms, thereby conferring substantial interpretive discretion on the Scientific Committee. In practice, this means that while the mechanism is automatic, its suspension may depend on discretionary assessment rather than clear quantitative thresholds, creating ambiguity rather than clarity in periods of economic instability.

A further limitation concerns wage adequacy. The mechanism essentially captures changes in consumer prices for low-income households and shifts in the purchasing power of average wages. It does not incorporate explicit adequacy benchmarks, nor does it embed criteria associated with decent living standards, household needs, or poverty thresholds. As

[35] Paragraph 3 of Article 5 reads as follows: "Without prejudice to the obligations laid down in this Article, Member States may *additionally* use an automatic indexation mechanism for statutory minimum wages, based on any appropriate criteria and in accordance with national laws and practices, provided that the application of such a mechanism does not result in a reduction of the statutory minimum wage" (emphasis added).

a result, wage updates may remain aligned with macroeconomic performance without ensuring that the lowest paid experience an improvement in real living conditions.

Another important outcome of the reform is the redefinition of the role of social partners. Although their participation is formally reinforced, through representation in a consultation body and systematic involvement in the provision of data and opinions, the automatic nature of the mechanism substantially narrows their capacity to influence the outcome. Dialogue takes place, it is documented, and it must be considered, yet ultimately decision-making remains centralised and insulated from negotiated compromise.

Finally, while the reform aligns with the orientation of Directive 2022/2041 toward evidence-based governance of minimum wages, it simultaneously raises concerns regarding the resilience of social dialogue. If applied inflexibly, the technocratic model may limit the system's ability to react to sudden redistributive needs or broader socio-economic asymmetries. The core challenge ahead will be to balance rule-based governance with social legitimacy, ensuring that automatic adjustment does not replace meaningful engagement with the broader question of what constitutes a fair and adequate minimum wage.

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