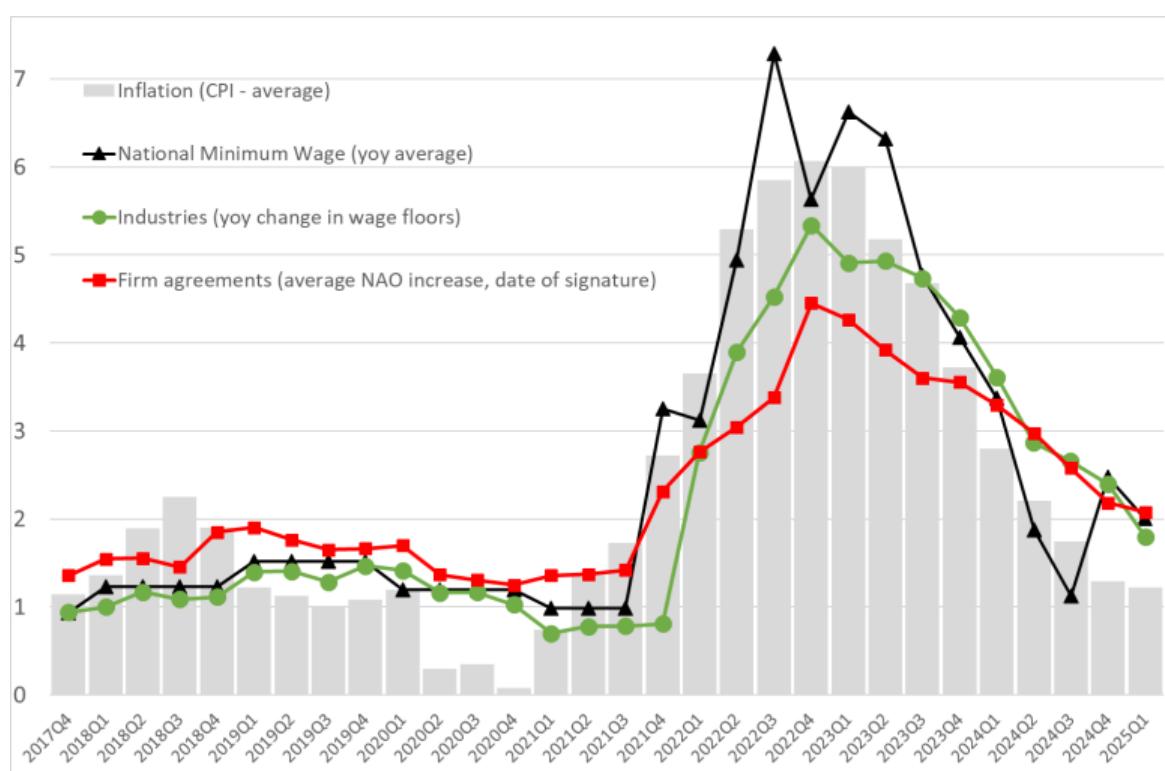


Negotiated wage increases for 2025: where do we stand?

By Laurent Baudry, Erwan Gautier and Sylvie Tarrieu

Following the downturn in inflation and smaller increases in the Smic (national minimum wage), negotiated wage increases moderated in 2024 while staying above inflation. The first agreements signed for 2025 point to increases of around 2% on average at both industry and firm levels, or markedly higher than inflation.

Chart 1: Negotiated wage increases, changes in the national minimum wage and inflation



Sources: Légifrance – firm-level agreements (15,000 wage agreements between 2018 and 2025), industry-level agreements (approx. 300 industries covering 14.5 million employees) – national minimum wage and CPI inflation from INSEE (year-on-year average, most recent value: February 2025).

Every year, compulsory annual wage negotiations (*négociations annuelles obligatoires* - NAOs) are held at two levels: at industry level, where social partners negotiate minimum wage floors below which employees cannot be paid; and at a firm level, as companies with union representation hold bargaining talks on effective wages. Most industries and firms conduct these negotiations between October and March, resulting in wage adjustments in the first quarter of the year. An analysis of agreements signed during this period therefore provides a reliable initial assessment of future wage trends for the year. This

blog post presents an initial snapshot of negotiated wage increases for 2025, based on information contained in around 120 industry-level agreements signed for the year (covering approximately 9 million employees, or about half of all employees covered by a private sector collective agreement) and around 1,600 firm-level agreements (covering over 700,000 employees from all market sectors).

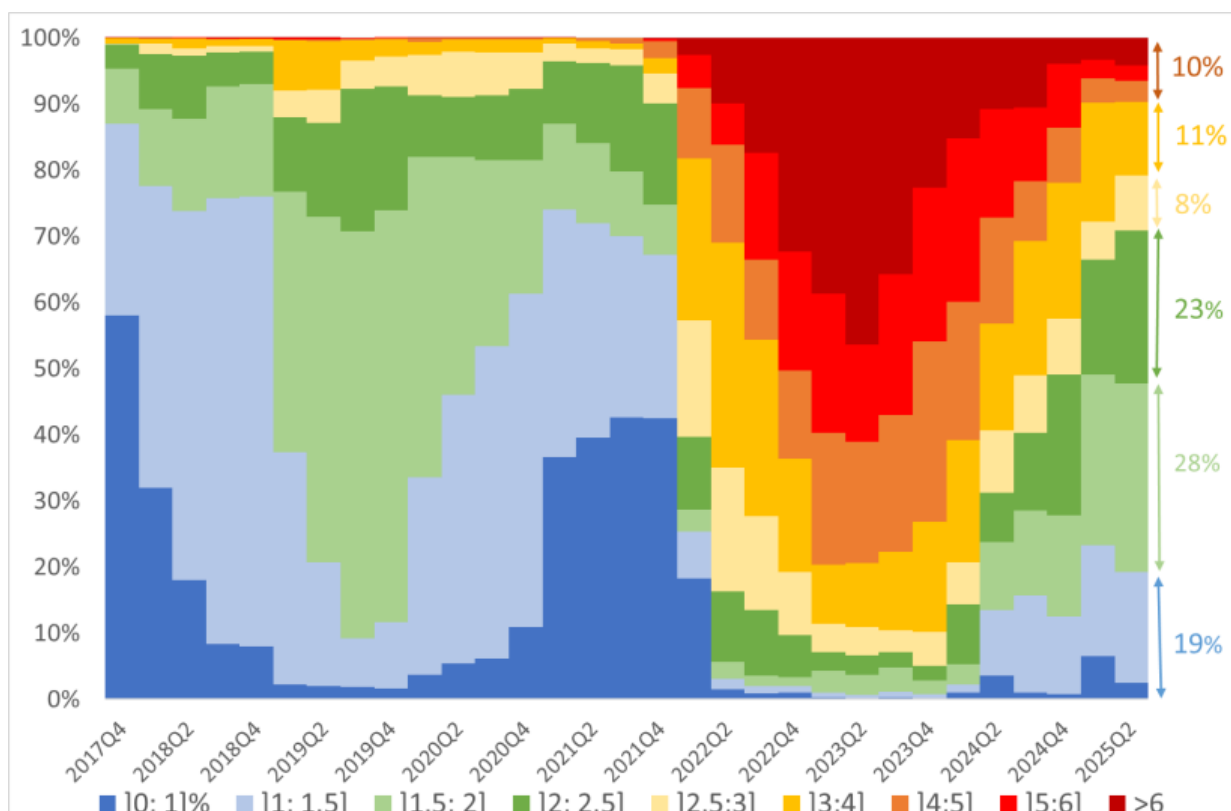
While the pick-up in inflation that first began in late 2021 was passed through fairly quickly to the national minimum wage owing to the latter's automatic indexing mechanism, it took longer to pass through to other wages owing to the time required for bargaining (Chart 1). At industry and firm level alike, negotiated wages accelerated from 2022 onwards, and increases remained relatively sustained in 2023. In 2024, as inflation receded, negotiated increases moderated while continuing to outpace the rise in prices. However, the decrease in inflation (CPI) to 1.3% on average between October 2024 and February 2025 led to a more pronounced fall in negotiated wage increases for 2025, which averaged around 2%, or sharply higher than expected inflation in 2025 according to [Banque de France projections](#) (CPI of 1.5%). Factoring in bonuses and composition effects, we forecast an average annual per person wage increase of 2.4%.

In 2025, increases in industry-level wage floors will continue to ease, while remaining slightly above inflation.

At industry level, the first agreements signed for 2025 provide for smaller nominal increases in the wage floor than in 2024. We provisionally estimate that industry-level floors will rise by 1.8% in the first quarter of 2025, compared with 3.6% a year ago (Chart 1).

This moderation may be partly due to weaker inflation than in past years, with 1.5% expected in 2025. Furthermore, the national minimum wage, which may have had knock-on effects on industry wage floors in recent years, was adjusted upwards by 2% at the end of 2024. Even if this increase exceeds inflation – owing to the national minimum wage's dual indexation to inflation and to half of the gain in wage purchasing power – the nominal increase in the national minimum wage is still lower than in previous years.

Chart 2: Distribution of industry-level annual negotiated wage increases between 2018 and 2025



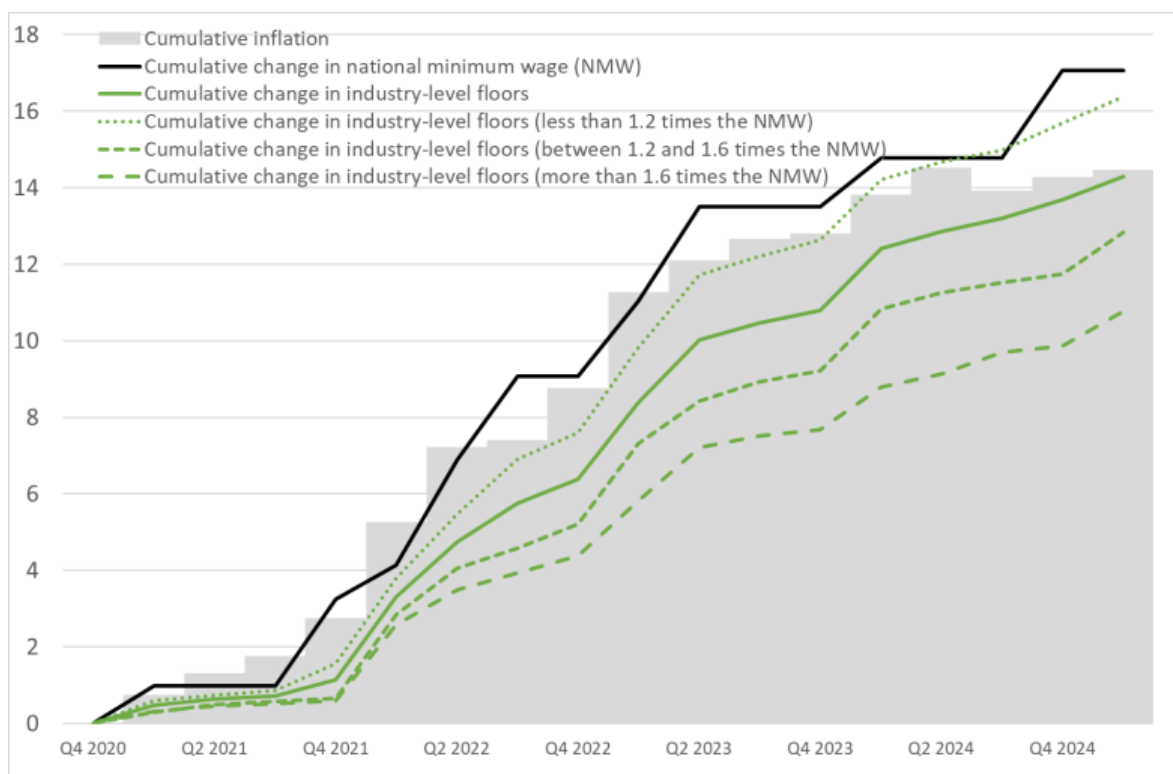
Source: industry-level agreements (Légifrance).

Note: the chart shows the distribution of wage increases for industry-level agreements taking effect in a given quarter. In Q1 2018, 30% of increases were below 1%.

In 2025, negotiated increases look to be fairly uniform across industries (Chart 2). About half of all agreements provide for increases of 2% or less, while this was true for barely 5% of agreements in early 2024. A handful of sectors are providing for slightly larger increases but these are mostly industries that have dragged their heels over coming into compliance with the national minimum wage and are now engaged in a catch-up process. Conversely, against the backdrop of the labour market downturn, more industries than in past years failed to reach a wage agreement this year (including metalworking and road transport), which could affect the average trend for negotiated wages in 2025.

What was the pass-through from the rise in prices to industry-level wage floors during the inflationary surge? Between the end of 2020 and the start of 2025, industry floors rose by approximately 14% on average, or roughly equivalent to the cumulative increase in prices over the same period (Chart 3). However, wage floors that were close to the national minimum wage outpaced inflation (as did the national minimum wage), while higher floors rose by less than inflation, causing the spread of industry floors to compress ([Rapport Smic 2024](#)).

Chart 3: Cumulative change in industry-level wage floors and the national minimum wage compared with cumulative inflation since the fourth quarter of 2020 (as a %)



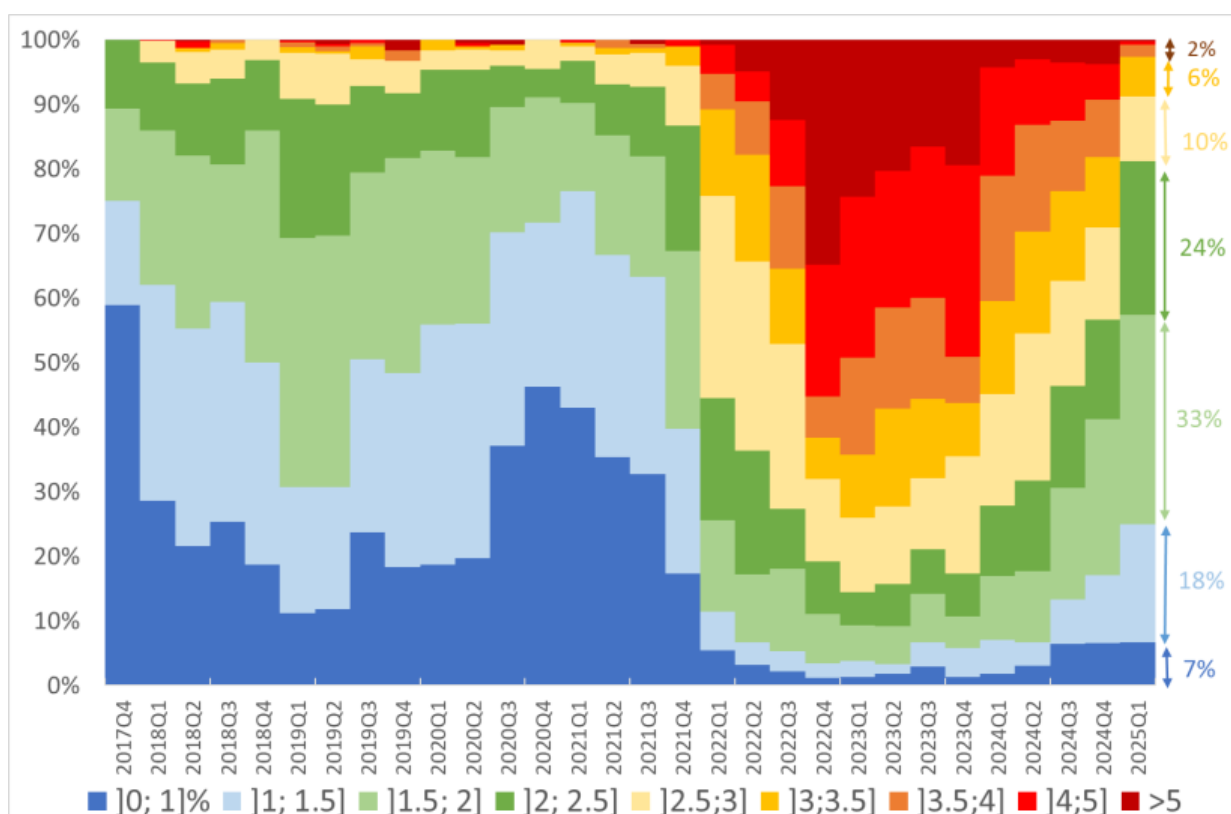
Sources: industry-level agreements (Légifrance), national minimum wage (INSEE). Most recent value: Q1 2025.

Firm-level wage agreements point to an average increase of 2.1% for 2025

While industry-level wage floors are a significant benchmark for smaller companies and some sectors, especially in services, larger firms often sign firm-level agreements. An analysis of the content of the first 1,600 agreements signed for 2025 shows that the average wage increase contained in these NAOs is 2.1%, i.e. a slightly higher growth rate than the minimum wage or industry-level wage floors.

However, this average increase is sharply down on those of previous years, i.e. 3.3% at the start of 2024 and 4.2% at the start of 2023. In all, 90% of the companies for which we have data on the 2024 and 2025 NAO agreements (around 950 companies in total) signed a smaller increase in 2025 than in 2024, with an average differential of -1.3 percentage points. Overall, the pace of NAO increases is therefore markedly more moderate in 2025 in nominal terms, even though these increases remain above expected inflation in 2025.

Chart 4: Distribution of firm-level negotiated wage increases between 2018 and 2025



Source: firm-level agreements (Légifrance).

Note: the chart shows the distribution of wage increases for firm-level agreements taking effect in a given quarter. In Q1 2018, just under 30% of increases were below 1%.

As at the industry level, differences between firms in terms of negotiated increases in 2025 are smaller than in past years: more than one-half of agreements provide for increases of below 2% and one-quarter for increases of below 1.5% (Chart 4). However, this share is much smaller than that observed prior to 2021 when more than half of the agreements signed contained increases of below 1.5%.

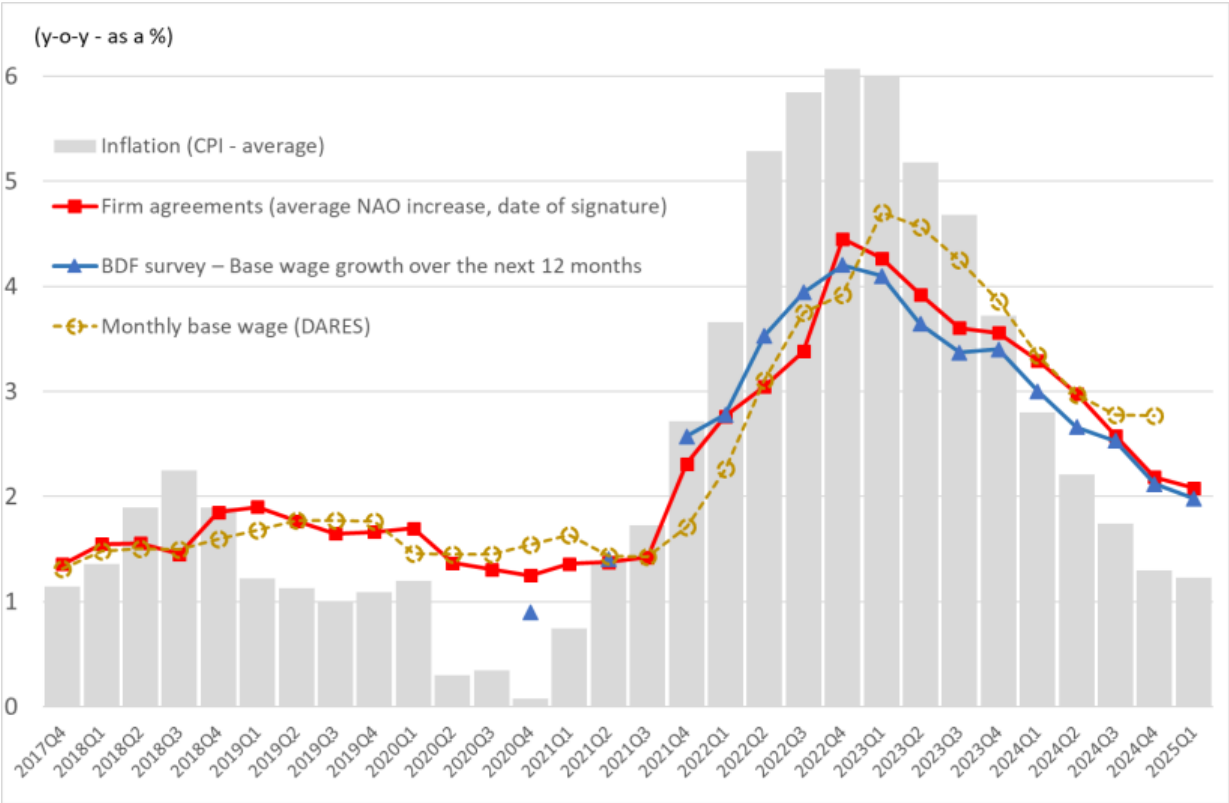
Finally, at the end of 2024, there was also a decrease in the proportion of NAOs mentioning payment of a value-sharing bonus ("*prime de partage de la valeur*"), which stood at less than 20% at end-2024 compared with approximately 30% at end-2023 and 40% at end-2022. The amounts provided for in the end-2024 agreements are slightly lower than those mentioned in agreements signed at the end of 2023 and 2022.

Business leaders expect base wages to rise by 2% over the next 12 months.

The decrease in inflation and slower growth for the national minimum wage and negotiated wages have caused base wages (excluding bonuses and overtime) to rise more moderately in recent quarters. However, with the early increase in the national minimum wage, base wages rose by 2.8% year-on-year in the fourth quarter of 2024, whereas inflation was barely 1.5% (Chart 5). All in all, base wages have risen by around 13% since the end of 2020, whereas prices have gone up by just over 14%.

As we have seen, firm-level wage agreements signed for 2025 suggest that base wage growth is set to decline more sharply in early 2025 to reach 2%, while remaining slightly higher than inflation. Every quarter, [a Banque de France survey](#) asks 1,700 business leaders about their expectations for inflation and base wage growth. On average, in the first quarter of 2025, business leaders expect base wages to rise by 2% over the next 12 months (compared with 3.4% expected at the end of 2023), which corroborates the assessment obtained from firm-level agreements for 2025.

Chart 5: Changes in base wages and expected changes in base wages



Sources: firm-level agreements (Légifrance), SMB (DARES), Inflation expectations survey (Banque de France) “Changes in base wages in your company over the next 12 months”, inflation (INSEE – most recent value: February 2025).