

AVERAGE WAGE

Key results

“Average wage (AW)” is an important metric as all pension modelling results are presented as multiples of this measure. The average for all OECD countries was USD 36 622 in 2016.

Table 6.5 reports the OECD’s average wage (AW) levels for the year 2016. The wage earnings are defined as gross wages before deductions of any kind (including personal income taxes and social security contributions), but including overtime pay and other cash supplements paid to employees.

Average wages are displayed in national currencies and in US dollars (both at market exchange rates and at purchasing power parities, PPP). The PPP exchange rate adjusts for the fact that the purchasing power of a dollar varies between countries: it allows for differences in the price of a basket of goods and services between countries.

Wage earnings across the OECD countries averaged USD 36 622 in 2016 at market exchange rates. Switzerland and Iceland have the highest levels at USD 83 908 and USD 74 862, respectively. These are approximately 15 times the level recorded in Mexico, at USD 5 441, which is around 50% of the next lowest countries, Turkey (USD 10 438) and Latvia (10 705).

At PPP wages averaged USD 42 682. Switzerland is again highest amongst OECD countries, at USD 69 268, with Luxembourg next at USD 64 007. Mexico is again the lowest, at USD 13 166, but is now followed by Chile and Latvia at around USD 20 600. The higher figure for PPP wages suggests that many OECD countries exchange rates with the US dollar were lower than the rate that would equalise the cost of a standard basket of goods and services.

Average wages for the other major economy countries are not based on the average wage earnings definition or

another consistent basis as such a series is unfortunately not available. Data have been collected from national sources and thus vary between average individual income, average covered wage and average wage for a particular group of workers as available. The figures used range from a low of USD 1 462 in India to a high of USD 24 949 in Saudi Arabia, at market exchange rates.

Definition and measurement

The “average worker” earnings series (AW), defined as the average full-time adult gross wage earnings, was adopted from the second edition of *Pensions at a Glance* (OECD, 2007). This concept is broader than the previous benchmark of the “average manual production worker” (APW) because it covers more economic sectors and includes both manual and non-manual workers. The new AW measure was introduced in the OECD report *Taxing Wages* and also serves as benchmark for *Benefits and Wages*. The third edition of *Pensions at a Glance* (OECD, 2009) also included a comparison of replacement rates under the old and new measures of earnings for eight countries where the results were significantly different.

Further reading

OECD (2017), *Taxing Wages 2017*, OECD Publishing Paris, http://dx.doi.org/10.1787/tax_wages-2017-en.


OECD (2009), *Pensions at a Glance 2009: Retirement-Income Systems in OECD Countries*, OECD Publishing, Paris, http://dx.doi.org/10.1787/pension_glance-2009-en.

6.5. Average wage (AW), 2016

National currency and USD at market price and purchasing-power-parity exchange rates

	OECD measures of average wages			Exchange rate with USD	
	National currency	USD, market exchange rate	USD, PPP	Market rate	PPP
OECD members					
Australia	82 114	59 134	56 016	1.39	1.47
Austria	44 409	46 730	55 685	0.95	0.80
Belgium	46 570	49 004	58 141	0.95	0.80
Canada	50 997	37 935	40 181	1.34	1.27
Chile	8 003 491	11 962	20 538	669.10	389.70
Czech Republic	330 072	12 852	25 664	25.68	12.86
Denmark	412 555	58 383	57 015	7.07	7.24
Estonia	13 640	14 352	25 209	0.95	0.54
Finland	43 816	46 105	48 425	0.95	0.90
France	38 049	40 038	47 355	0.95	0.80
Germany	47 809	50 307	61 451	0.95	0.78
Greece	20 074	21 123	32 849	0.95	0.61
Hungary	3 312 081	11 255	24 785	294.28	133.63
Iceland	8 456 409	74 862	59 986	112.96	140.97
Ireland	35 592	37 452	44 020	0.95	0.81
Israel	142 247	36 930	37 642	3.85	3.78
Italy	30 642	32 243	42 370	0.95	0.72
Japan	5 110 601	43 692	50 086	116.97	102.04
Korea	43 857 243	36 328	49 071	1 207.26	893.75
Latvia	10 173	10 705	20 674	0.95	0.49
Luxembourg	56 197	59 134	64 007	0.95	0.88
Mexico	112 827	5 441	13 166	20.74	8.57
Netherlands	50 853	53 511	63 210	0.95	0.80
New Zealand	57 649	39 912	39 756	1.44	1.45
Norway	564 218	65 250	56 250	8.65	10.03
Poland	47 782	11 414	27 240	4.19	1.75
Portugal	17 521	18 437	29 957	0.95	0.58
Slovak Republic	10 918	11 488	22 426	0.95	0.49
Slovenia	18 292	19 247	31 231	0.95	0.59
Spain	26 710	28 106	40 439	0.95	0.66
Sweden	423 065	46 453	47 090	9.11	8.98
Switzerland	85 536	83 908	69 268	1.02	1.23
Turkey	36 806	10 438	27 389	3.53	1.34
United Kingdom	36 571	45 100	52 731	0.81	0.69
United States	52 543	52 543	52 543	1.00	1.00
OECD		36 622	42 682		
Argentina	276 224	17 424	29 969	15.85	9.22
Brazil	25 248	7 756	12 656	3.26	2.00
China	62 029	8 932	17 718	6.94	3.50
India	99 349	1 462	5 665	67.97	17.54
Indonesia	19 200 000	1 422	4 692	13 500	4 091.83
Russian Federation	440 948	7 197	17 410	61.27	25.33
Saudi Arabia	93 573	24 949	68 301	3.75	1.37
South Africa	112 488	8 189	19 219	13.74	5.85

Note: AW = average worker wage. PPP = purchasing power parity. The market exchange rate used is from the 31 December 2016. PPP is 2016.

StatLink  <http://dx.doi.org/10.1787/888933634515>

Chapter 7

Finances of retirement-income systems

The indicators in this chapter look at the finances of the retirement-income system. The first indicator presents an overview of the “Mandatory pension contributions” that workers have to pay towards their future pension entitlements.

The second indicator looks at the “Public expenditure on pensions”. It shows how much of gross domestic product is allocated towards national public pensions and the overall share of public pensions in the government budget. The third indicator focuses on private pension spending and looks at the total benefit spending on mandatory, quasi-mandatory and voluntary private schemes.

The final indicator presents long-term projections of pension spending and in particular the evolution of public expenditure on pensions in the period 2013-15 to 2050.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.



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