

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 41 479 in 2018.

Table 7.5 reports the OECD’s average wage (AW) levels for the year 2018. 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 41 479 in 2018 at market exchange rates. Switzerland and Iceland have the highest levels at USD 92 964 and USD 84 510, respectively. These are approximately 15 times the level recorded in Mexico, at USD 6 350, which is followed by the next lowest country, Turkey (USD 9 718).

At PPP wages averaged USD 45 6244. Switzerland is again highest amongst OECD countries, at USD 76 419, with Luxembourg, Germany and Iceland next at USD 68 240, USD 66 521 and USD 66 165 respectively. Mexico is again the lowest, at USD 13 027, but is now followed by Chile and Latvia at around USD 23 500. 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 economies are not based on the average wage definition or another consistent

basis as such series are 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 1 522 in India to a high of USD 26 614 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 (2019), *Taxing Wages 2019*, OECD Publishing, Paris, https://dx.doi.org/10.1787/tax_wages-2019-en.

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

Table 7.5. Average wage (AW), 2018

	OECD measures of average wages			Exchange rate, national currency per USD	
	National currency	USD, market exchange rate	USD, PPP	Market rate	PPP
Australia	85 778	64 089	59 872	1.34	1.43
Austria	47 120	55 619	59 934	0.85	0.79
Belgium	48 455	57 196	61 877	0.85	0.78
Canada	53 550	41 327	43 022	1.30	1.24
Chile	9 669 058	15 078	23 883	641.28	404.85
Czech Republic	383 304	17 639	30 377	21.73	12.62
Denmark	421 547	66 757	60 578	6.31	6.96
Estonia	16 103	19 008	29 390	0.85	0.55
Finland	43 984	51 918	50 122	0.85	0.88
France	39 436	46 549	50 904	0.85	0.77
Germany	50 546	59 664	66 521	0.85	0.76
Greece	21 214	25 040	36 459	0.85	0.58
Hungary	4 138 492	15 316	29 474	270.21	140.41
Iceland	9 152 462	84 510	66 165	108.30	138.33
Ireland	46 774	55 211	58 292	0.85	0.80
Israel	153 221	42 673	40 836	3.59	3.75
Italy	31 292	36 937	44 807	0.85	0.70
Japan	5 188 742	46 990	51 184	110.42	101.37
Korea	48 166 599	43 766	55 975	1100.56	860.51
Latvia	11 881	14 025	23 796	0.85	0.50
Lithuania	11 121	13 126	24 303	0.85	0.46
Luxembourg	59 497	70 229	68 240	0.85	0.87
Mexico	122 208	6 350	13 027	19.24	9.38
Netherlands	51 567	60 868	64 662	0.85	0.80
New Zealand	60 360	41 764	40 828	1.45	1.48
Norway	596 477	73 345	58 813	8.13	10.14
Poland	54 191	15 004	30 490	3.61	1.78
Portugal	18 343	21 652	30 908	0.85	0.59
Slovak Republic	12 131	14 319	24 846	0.85	0.49
Slovenia	19 671	23 220	33 819	0.85	0.58
Spain	26 923	31 779	41 557	0.85	0.65
Sweden	453 539	52 176	50 839	8.69	8.92
Switzerland	90 908	92 964	76 419	0.98	1.19
Turkey	46 921	9 718	29 110	4.83	1.61
United Kingdom	39 328	52 467	56 169	0.75	0.70
United States	54 951	54 951	54 951	1.00	1.00
OECD		41 479	45 624		
Other G20 countries					
Argentina	294 613	10 486	18 748	28.09	15.71
Brazil	26 929	7 370	13 275	3.65	2.03
China	72 067	10 893	20 217	6.62	3.56
India	105 963	1 549	5 845	68.39	18.13
Indonesia	31 800 000	2 234	7 490	14236.94	4245.61
Russian Federation	470 303	7 505	18 340	62.67	25.64
Saudi Arabia	99 802	26 614	63 275	3.75	1.58
South Africa	119 977	9 061	19 592	13.24	6.12

Note: USD = United States of America Dollar, PPP = purchasing power parity.

Source: OECD (2019), *Taxing Wages 2019*, OECD Publishing Paris and OECD's National Accounts database.

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