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CHINA MINIMUM WAGE UPDATES 2013

The minimum wage system in China is designed to protect the rights of workers and especially those on low incomes. The minimum wage standard is generally adjusted for monthly minimum wage and hourly minimum wage through regional legislation at least every two years. 26 provinces and cities in China have increased their minimum wage standards in 2013.

Minimum wage is the lowest remuneration for work undertaken during standard working hours or in the hours agreed in a legal labour contract, it does not include overtime, special working condition allowances or other special benefits. Since China's implementation of the minimum wage provision in 1993, 31 provinces have enacted and adjusted the minimum wage standards on a regular basis, and in order to ensure that each enterprise can implement the minimum wage system exactly, the "Labor Law" and the "Regulation on Monitoring of Labor Protection" also explicitly require that employing units should pay workers salaries at a rate not lower than the local minimum wage standard, or face penalties. Strict implementation of the minimum wage is the responsibility of enterprises and is essential to attract and retain employees.



In recent years, as the economy has been recovering, States and Provinces have been continuously raising the minimum wage. According to the official data from each Human Resources and Social Security department, while in the first half of 2013, a total of 16 provinces and cities raised the minimum wage standards (click to view [SGS safeguard on China 16 provinces have updated the minimum wage 2013 \(Jan-May\)](#)), and up to 5 December 2013, 26 provinces updated their minimum wage.

TABLE 1. 2012-2013 MINIMUM WAGE UPDATES (RANKED BY WAGE LEVEL)

PROVINCES/CITIES	MONTHLY(FULLTIME)(RMB)			HOURLY(NON-FULLTIME) (RMB)		
	2012	2013	INCREASE RATE	2012	2013	INCREASE RATE
Shanghai	1450	1620	11.7%	12.5	14	12%
Shenzhen	1500	1600	6.7%	13.3	14.5	9%
Guangdong	1300	1550	19.2%	12.5	15	20%
Tianjin	1310	1500	14.5%	13.1	15	14.5%
Xinjiang	1340	1520 *“inclusive of three insurances and one fund”	13.4%	13.4	15.2	13.4%
	1085	1210 Free of “three insurances and one fund”	11.5%			
Jiangsu	1320	1480	12.1%	11.5	13	13%
	Remark: The wage in district of Suzhou, Zhangjiagang, Changshu, Taichang, Kunshan and Wujiang have been increased above this level to 1530					
Zhejiang	1310	1470	12.2%	10.7	12	12.1%
Beijing	1260	1400	11.1%	14	15.2	8.6%
Shandong	1240	1380	11.3%	13	14.5	11.5%
Inner Mongolia	1200	1350	12.5%	10.2	11.4	11.8%
Jilin	1150	1320	14.8%	10	11.5	15%
Fujian	1200	1320	10%	12.7	14	10.2%
Ningxia	1100	1300	18.2%	11	12.5	13.6%
Liaoning	1100	1300	18.2%	11	13	18.2%
Hubei	1100	1300	18.2%	10	14	40%
Shanxi	1125	1290	14.7%	12.3	14	13.8%
Yunnan	1100	1265	15%	10	11	10%
Hunan	1160	1265	9%	11.5	12.5	8.7%
Henan	1080	1240	14.8%	10.2	11.7	14.7%
Jiangxi	870	1230	41.4%	8.7	12.3	41.4%
Guangxi	1000	1200	20%	8.5	10.5	23.5%
Gansu	980	1200	22.4%	10.3	12.7	23.3%
Sichuan	1050	1200	14.3%	11	12.6	14.5%
Shaanxi	1000	1150	15%	10	11.5	15%
Hainan	1050	1120	6.7%	9.2	9.9	7.6%
Guizhou	930	1030	10.8%	10	11	10%

* “three insurances and one fund”: endowment insurance, unemployment insurance, medical insurance and housing provident fund.

For detailed information on the different regions, cities and towns, please refer to: [SGS China's Minimum Wage Map](#). Or download the [SGS Minimum Wage App](#).

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The annual update to the minimum wage is intended to ensure that the living standard for those on low incomes do not decline due to rising prices, but for labor-intensive manufacturing industries, the impact will undoubtedly lead to a new round of cost pressures. It was revealed by the media that recruitment difficulties are more significant in Guangdong, Jiangsu, Shandong and many other cities after the 2013 Spring Festival. According to public data, Wuhan faced an acute labor shortage for the first time reporting a shortage of some 100,000 people, whilst Guangdong was reporting a shortage of up to 1,200,000 people. In order to attract workers, some enterprises have to raise the basic salary above that required in the minimum wage standard. For example, in Shenzhen, the minimum wage standard has been updated every year which in return has increased labor costs, and coupled with rising raw material costs, it has been reported in the local press that some small and medium-sized manufacturers may be considering moving their factories to areas with lower labor costs like Huizhou, and other surrounding areas or even to inland China as a cost-reduction option. It has also been announced that the Human Resources and Social Security department (bureau) of Shenzhen has launched a public consultation on its official website for the 2014 minimum wage adjustment.

Data Source: Human Resources and Social Security department (bureau) websites of provinces and cities listed in the table.

Table design: [SGS SAS](#)

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