

SAFEGUARDS

CONSUMER GOODS AND RETAIL

LABOR STANDARDS

NO. 080/15 MAY 2015

CHINA - 12 PROVINCES HAVE UPDATED THE MINIMUM WAGE IN THE FIRST HALF OF 2015

The National Twelfth Five-Year Guideline and policy statement “Several Opinions on Deepening Income Distribution System Reform” from the State Council clearly lay out that the minimum wage should be increasing by up to 13% per year over the next five-year period. In 2015, 12 provinces have increased minimum wage by over 12% on average.

The stated minimum wage secures the living standard of low-income employees and their families. According to National Federation of Trade Unions, around 20% of all employees will be affected directly or indirectly by increasing the official minimum wage. Moreover, the National Federation of Trade Unions claimed the increase in the rate of minimum wage growth will slow down progressively, given that the rates of increase have been 22%, 20%, 17%, and 14% from 2011 to 2014. Since 1 January 2015, Shanxi, Guangxi, Hunan, Hainan and Tibet increased their minimum wage standards. It can notice that Tibet had not increased the minimum wage for the monthly paid employees since September 2012. Meanwhile, the minimum wage has become more than RMB1000 in 3rd Class and 4th Class areas in Guangxi and the minimum wage is now over RMB2000 per month in Shenzhen and Shanghai.

As at 1 May 2015, 12 provinces and cities have updated their minimum wages. Further information is listed in table 1 (sorted by 1st Class area¹ from highest to lowest):



TABLE 1.

PROVINCES/CITIES		EFFECTIVE DATE	MONTHLY(FULLTIME)			HOURLY(NON-FULLTIME)		
			2015 (RMB)	2014 (RMB)	INCREASE RATE (%)	2015 (RMB)	2014 (RMB)	INCREASE RATE (%)
Shenzhen		2015/3/1	2030	1808	12.3%	18.5	16.5	12.1%
Shanghai		2015/4/1	2020	1820	11%	18	17	5.9%
Guangdong	1 st Class area	2015/5/1	1895	1550 (2013data)	22.3%	18.3	15	22%
	2 nd Class area		1510 (not include Zhuhai)	1310 (2013data)	15.3%	14.4	12.5	15.2%
	3 rd Class area		1350	1130 (2013data)	19.5%	13.3	11.1	19.8%
	4 th Class area		1210	1010 (2013data)	19.8%	12	10	20%
Tianjin		2015/4/1	1850	1680	10.1%	18.5	16.8	10.1%
Beijing		2015/4/1	1720	1560	10.3%	18.7	16.9	10.7%
Shandong	1 st Class area	2015/3/1	1600	1500	6.7%	16	15	6.7%
	2 nd Class area		1450	1350	7.4%	14.5	13.5	7.4%
	3 rd Class area		1300	1200	8.3%	13	12	8.3%
Shaanxi	1 st Class area	2015/1/1	1480	1280	15.6%	14.8	12.8	15.6%
	2 nd Class area		1370	1170	17.1%	13.7	11.7	17.1%
	3 rd Class area		1260	1060	18.9%	12.6	10.6	18.9%
	4 th Class area		1190	970	22.7%	11.9	9.7	22.7%
Tibet	1 st Class area	2015/1/1	1400	1200 (2012data)	16.7%	13	11	18.2%
	2 nd Class area		* adjust to 1 st Class area in 2015	1150 (2012data)	—	**adjust to 1 st Class area in 2015	10.5	—
Guangxi	1 st Class area	2015/1/1	1400	1200	16.7%	13.5	10.5	28.6%
	2 nd Class area		1210	1045	15.8%	11.5	9.5	21.1%
	3 rd Class area		1085	936	15.9%	10.5	8.5	23.5%
	4 th Class area		1000	830	20.5%	9.5	7.5	26.7%
Hunan	1 st Class area	2015/1/1	1390	1265	9.9%	13.5	12.5	8%
	2 nd Class area		1250	1145	9.2%	11.9	10.9	9.2%
	3 rd Class area		1130	1035	9.2%	11.4	10.4	9.6%
	4 th Class area		1030	945	9%	10.7	9.8	9.2%
Hainan	1 st Class area	2015/1/1	1270	1120	13.4%	11.2	9.9	13.1%
	2 nd Class area		1170	1020	14.7%	10.3	9	14.4%
	3 rd Class area		1120	970	15.5%	9.9	8.6	15.1%

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

REMARK:

- * Tibet's monthly minimum wage standard has been adjusted from the 2nd Class area to 1st Class area in 2015
- ** Tibet's non-fulltime hourly minimum wage standard has been adjusted from the 2nd Class area to 1st Class area in 2015
- ¹Class area means area classification, it specifically refers to regional city grading in China

From the above table, it can be seen that minimum wage is now above RMB1000 in the mentioned 12 provinces and cities. At present, Shenzhen has the highest monthly minimum wage with RMB 2030 per month, and Beijing leads in the hourly rates with RMB18.7 for non-fulltime employees. In the meantime, the minimum wage of Guangdong province showed the highest rate of growth at 22%. In particular, Zhuhai city has increased the minimum wage to RMB1650 which is higher than the wage of 2nd Class area. It should be noted that the minimum wage of Shanghai and Beijing is "net income", which means pay after deduction of social insurance and housing fund, so the employing unit will face additional cost in accordance with the latest regulations.

Every province is expected to adjust the minimum wage every two years taking into account numerous considerations, including inflation and employment levels. According to the ACFTU's notification about the minimum wage adjustment, Heilongjiang and Tibet have not adjusted their minimum wage levels since 2012 which is not in accordance with requirement that minimum wages in China are updated at least every two years.

In fact, the fundamental goal of adjusting the minimum wage standard is to safeguard the interests of workers. Good living conditions and guaranteed wages could help cities raise their competitiveness and improve the employment competitiveness.

Although there has been a slowing-growing economy pressure, the new minimum wage standard did not make a significant impact on efficient medium and big enterprises. However, it has influenced OEM factories and other lower-tier suppliers to upgrade their business models and increase productivity to survive.

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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