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CHINA - 14 PROVINCES UPDATE THE MINIMUM WAGE IN THE FIRST HALF OF 2014

Minimum wages in China are updated at least every two years. This aims at safeguarding the legal rights and interests of the workforce while regulating the labor market, to achieve a win-win situation. Up to now, 14 provinces and cities have increased their minimum wages, with an average increase of almost 14% for monthly minimum wages.

Since the new Provisions on Minimum Wage was implemented in 2004, China's provinces and cities have seen ongoing increases to legal minimum wages. According to the official data from National Bureau of Statistic (NBS) & the Ministry of Human Resource and Social security, 25 provinces and cities adjusted their minimum wages with an average increase of 20% between 2011 and 2012. In 2013, 27 provinces updated their minimum wages, with an average increase of 20.2%. Now in the first half of 2014, 14 provinces and cities have increased the minimum wages, with the latest being Sichuan Province, Jiangxi Province and Guizhou Province which will be effective on 1st July 2014. It is interesting to note that in Guizhou Province, the

minimum wage exceeds RMB1000 for the first time in the 2nd Class area and 3rd Class area.

As at 24 June 2014, 14 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)		
		2013 (RMB)	2014 (RMB)	INCREASE RATE (%)	2013 (RMB)	2014 (RMB)	INCREASE RATE (%)
Shanghai	2014/4/1	1620	1820	12.3%	14	17	21.4%
Shenzhen	2014/2/1	1600	1808	13%	14.5	16.5	13.8%
Tianjin	2014/4/1	1500	1680	12%	15	16.8	12%
Beijing	2014/4/1	1400	1560	11.4%	15.2	16.9	11.2%

¹ Class area: area classification, specifically the regional city grading in China

Shandong	1 st Class area	2014/3/1	1380	1500	8.7%	14.5	15	3.4%
	2 nd Class area		1220	1350	10.7%	12.5	13.5	8%
	3 rd Class area		1080	1200	11.1%	11	12	9.1%
Shanxi	1 st Class area	2014/4/1	1290	1450	12.4%	14	16	14.3%
	2 nd Class area		1190	1350	13.4%	13	15	15.4%
	3 rd Class area		1090	1250	14.7%	12	14	16.7%
	4 th Class area		990	1150	16.2%	11	13	18.2%
Yunnan	1 st Class area	2014/5/1	1265	1420	12.3%	11	12	9.1%
	2 nd Class area		1130	1270	12.4%	10	11	10%
	3 rd Class area		955	1070	12%	9	10	11.1%
Sichuan ²	1 st Class area	2014/7/1	1200	1400	16.7%	12.6	14.6	15.9%
	2 nd Class area		1140	1250	9.6%	12.1	13.2	9.1%
	3 rd Class area		1070	1100	2.8%	11.1	11.5	3.6%
	4 th Class area		1000	—	—	10.4	—	—
Jiangxi ³	1 st Class area	2014/7/1	1230	1390	13%	12.3	13.9	13%
	2 nd Class area		1150	1300	13%	11.5	13	13%
	3 rd Class area		1070	1210	13.1%	10.7	12.1	13.1%
	4 th Class area		980	1060	8.2%	9.8	10.6	8.2%
	5 th Class area		900	—	—	9	—	—
Gansu	1 st Class area	2014/4/1	1200	1350	12.5%	12.7	13.7	7.9%
	2 nd Class area		1140	1300	14%	12.1	13.3	9.9%
	3 rd Class area		1080	1250	15.7%	11.4	12.7	11.4%
	4 th Class area		1020	1200	17.6%	10.8	12.2	13%
Shanxi	1 st Class area	2014/2/1	1150	1280	11.3%	11.5	12.8	11.3%
	2 nd Class area		1050	1170	11.4%	10.5	11.7	11.4%
	3 rd Class area		950	1060	11.6%	9.5	10.6	11.6%
	4 th Class area		870	970	11.5%	8.7	9.7	11.5%
Qinghai	1 st Class area	2014/5/1	1070	1270	18.7%	10.8	12.9	19.4%
	2 nd Class area		1060	1260	18.9%	10.7	12.8	19.6%
	3 rd Class area		1050	1250	19%	10.6	12.7	19.8%
	2 nd Class area		950	1150	21.1%	9.5	11.5	21.1%
Guizhou	1 st Class area	2014/7/1	1030	1250	21.4%	11	13	18.2%
	2 nd Class area		950	1100	15.8%	10	12	20%
	3 rd Class area		850	1000	17.6%	9	11	22.2%

² Sichuan Province has adjusted the 4th Class area to 3rd Class area in 2014

³ Jiangxi Province has adjusted the 5th Class area to 4th Class area in 2014

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

From the above table, it can be seen that Shanghai has the highest monthly and hourly wages in China. Most notably the minimum wage of Shanghai and Beijing is "net income", which doesn't include the pension, unemployment insurance, medical insurance and housing fund paid by individual. Sichuan Province has adjusted the 4th Class area to the 3rd Class area, which makes a great adjustment with an average increase of 15.1%. Chongqing City and Qinghai Province are also adjusting the minimum wage although they took no action in 2013.

Since every province adjusts the minimum wage every two years, a number of affecting factors are taken into consideration, including inflation and employment levels. The fundamental goal of adjusting the minimum wage standard is to safeguard the interest of workers. The above rates therefore take into account the need to safeguard living standards while also assessing the impact on costs of enterprises, especially the labour intensive manufacturing and services industry, so as not to adversely affect the overall labour market.

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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FOR ENQUIRIES:

Global Competence Support Centre:
gcsc@sgs.com

CN- Sophie Gao, Tel: +86 (0)755 2532 8620 or
cn.sas@sgs.com

Asia – Hong Kong,
Tel: +852 2334 4481,
mktg.hk@sgs.com

Australasia – Perth.
Tel: +61 (0) 3 9790 3418
au.cts@sgs.com

Europe – London – UK.
Tel: +44(0) 203 008 7860
gb.cts.sales@sgs.com

Africa & Middle East – Turkey.
Tel: +90 212 368 40 00
sgs.turkey@sgs.com

Americas – USA.
Tel: +1 973 575 5252
uscts.inquiries@sgs.com

www.sgs.com/cgnr

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