

SAFEGUARDS

CONSUMER GOODS AND RETAIL

SUPPLY CHAIN ASSESSMENTS & SOLUTIONS

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):



SGS

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](#)

SGS has been involved in social accountability since its inception and has been offering tailored audit services since 1996. Supported by the largest networks of highly trained auditors, with extensive experience of reviewing operation with particular emphasis on factory capability, labour standards, environmental compliance and business integrity we can support your responsible purchasing policies. For further information, please contact us at hk.sas@sgs.com or visit www.sgsgroup.com.hk/sas.

FOR ENQUIRIES:

Guangzhou Tel: +86 (0) 20 3213 6435 cn.audit@sgs.com
Shanghai Tel: +86 (0)21 6115 2345 cn.audit@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 4000 sgs.turkey@sgs.com
Americas – USA. Tel: +1 973 575 5252 uscts.inquiries@sgs.com

www.sgsgroup.com.cn/en Global Competence Support Centre: gsc@sgs.com

© SGS Group Management SA – 2015– All rights reserved
- SGS is a registered trademark of SGS Group Management SA. This is a publication of SGS, except for 3rd parties' contents submitted or licensed for use by SGS. SGS neither endorses nor disapproves said 3rd parties contents. This publication is intended to provide technical information and shall not be considered an exhaustive treatment of any subject treated. It is strictly educational and does not replace any legal requirements or applicable regulations. It is not intended to constitute consulting or professional advice. The information contained herein is provided "as is" and SGS does not warrant that it will be error-free or will meet any particular criteria of performance or quality. Do not quote or refer any information herein without SGS's prior written consent.