



China Sourcing Update

January 6, 2020

Labour Cost

- 1. Between October and December, minimum wage levels in Hunan, Liaoning, Hebei and Guizhou are adjusted upward; minimum wage hikes in Fujian and Qinghai are announced**

From October to December, minimum wage levels in Hunan, Liaoning, Hebei and Guizhou were adjusted upward. Besides, the provincial governments of Fujian and Qinghai announced the adjustment of the minimum wage levels with effective dates in the January 2020. See below for details:

Hunan province

Effective 1 October, the minimum monthly wage levels in various districts within the Hunan province were adjusted to 1,700 yuan, 1,540 yuan, 1,380 yuan and 1,220 yuan, from the previous levels of 1,580 yuan, 1,430 yuan, 1,280 yuan and 1,130 yuan respectively.¹

Liaoning province

On 1 November, the minimum monthly wage levels in various districts within the Liaoning province were adjusted to 1,810 yuan, 1,610 yuan, 1,480 yuan and 1,300 yuan, compared with the previous levels of 1,620 yuan, 1,420 yuan, 1,300 yuan and 1,120 yuan respectively.²

Hebei province

Effective 1 November, the minimum monthly wage levels in various districts within the Hebei province were adjusted to 1,900 yuan, 1,790 yuan, 1,680 yuan and 1,580 yuan, up

¹ http://rst.hunan.gov.cn/rst/xxgk/tzgg/201909/t20190918_10393867.html

² http://www.gov.cn/xinwen/2019-09/07/content_5428081.htm

from the previous levels of 1,650 yuan, 1,590 yuan, 1,480 yuan and 1,380 yuan respectively.³

Guizhou province

On 1 December, the minimum monthly wage levels in various districts within the Guizhou province were adjusted to 1,790 yuan, 1,670 yuan and 1,570 yuan, from the previous levels of 1,680 yuan, 1,570 yuan and 1,470 yuan respectively.⁴

Fujian province

On 18 November, the Fujian provincial government announced that effective 1 January 2020, the minimum monthly wage levels in various districts within the province will be adjusted to 1,800 yuan, 1,720 yuan, 1,570 yuan and 1,420 yuan, compared with the previous levels of 1,700 yuan, 1,650 yuan, 1,500 yuan, 1,380 yuan and 1,280 yuan. The classification of districts was revised, with the districts categorized into four classes, down from the previous five classes.⁵

Qinghai province

On 22 November, the Qinghai provincial government announced that effective 1 January 2020, the minimum monthly wage level in the province will be adjusted to 1,700 yuan from the current 1,500 yuan.⁶

2. Local governments in a number of provinces/municipalities issue new guidelines on salary rise

From October to December 2019, local governments in four provinces/autonomous regions issued new guidelines on salary rise (see exhibit 1).

For example, according to the guidelines issued by the Guangxi provincial government, enterprises with normal operations and improving performance during the year are recommended to raise their workers' salaries by around 6%, the pay rise benchmark for 2019. Enterprises with flat or mildly deteriorating performance may take reference to the lower limit of the pay rise benchmark, which is set at 1%.

Although employers are not mandated to follow these guidelines, they will affect workers' expectations of salary rise and are thus regarded as an important reference of labour costs.

³ <http://www.hebei.gov.cn/hebei/11937442/10757006/11111865/14730832/index.html>

⁴ http://rst.guizhou.gov.cn/zwgk/xxgkml/zcfg_69313/zcwj/ldgx_69319/201909/t20190920_3889199.html

⁵ www.mohrss.gov.cn/SYrlzyhshbzb/dongtaixinwen/dfd/201911/t20191118_342091.html

⁶ <http://qh.people.com.cn/n2/2019/1123/c182775-33569578.html>

Exhibit 1: Guidelines on 2019 salary rise issued by local governments

Province/ autonomous region/ municipality	Upper limit	Benchmark	Lower limit	Month of issue
Shanghai	Nil	5-6%	2-3%	Mar-19
Xinjiang	8%	5%	2%	June-19
Inner Mongolia	11%	7.5%	Nil	July-19
Shandong	Nil	7%	Nil	July-19
Shaanxi	12%	7%	2%	August-19
Tianjin	12%	7%	3%	August-19
Yunnan	11%	7%	3%	August-19
Shanxi	12%	8%	4%	August-19
Beijing	Nil	8-8.5%	3.5%	September-19
Liaoning	12%	8%	4%	September-19
Guizhou	12%	7.5%	3%	September-19
Jiangxi	Nil	8%	3%	September-19
Ningxia	12%	6.5%	3%	October-19
Jilin	9%	6%	3%	November-19
Guangxi	11%	6%	1%	December-19
Sichuan	11%	7.5%	3%	December-19

Source: Various local governments

3. Income of migrant workers gains 6.5% yoy in the first nine months of 2019

According to China's National Bureau of Statistics (NBS), the average monthly income of migrant workers in China increased by 6.5% yoy to 3,952 yuan in the first nine months of 2019.⁷

The number of rural migrant workers reached 183.36 million as at the end of the third quarter of 2019, registering a year-on-year growth rate of 1.1% percent, 0.2 percentage point lower than the second quarter.

Looking ahead, we expect that the wages of migrant workers will continue to rise in line with the overall wage trend in China.

⁷ http://www.stats.gov.cn/tjsj/zxfb/201910/t20191018_1703299.html



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