



# China Sourcing Update

June 23, 2020

## Labour Cost

### 1. Between January and May, minimum wage levels in Fujian, Qinghai and Guangxi are adjusted upward

From January to May, minimum wage levels in Fujian, Qinghai and Guangxi were adjusted upward. See below for details:

#### *Fujian province*

Effective 1 January 2020, the minimum monthly wage levels in various districts within the Fujian province were 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, respectively. The classification of districts was also revised, with the districts categorized into four classes, down from the previous five classes.<sup>1</sup>

#### *Qinghai province*

Effective 1 January 2020, the minimum monthly wage level in the province was adjusted to 1,700 yuan from the previous 1,500 yuan.<sup>2</sup>

#### *Guangxi Zhuang autonomous region*

On 19 January, the Guangxi government announced the adjustment of minimum wage levels effective 1 March. The minimum wage levels in various districts in the Guangxi Zhuang autonomous region were adjusted to 1,810 yuan, 1,580 yuan and 1,430 yuan, up from the previous 1,680 yuan, 1,450 yuan and 1,300 yuan, respectively.<sup>3</sup>

<sup>1</sup> [www.mohrss.gov.cn/SYrlzyhshbzb/dongtaixinwen/dfdt/201911/t20191118\\_342091.html](http://www.mohrss.gov.cn/SYrlzyhshbzb/dongtaixinwen/dfdt/201911/t20191118_342091.html)

<sup>2</sup> <http://qh.people.com.cn/n2/2019/1123/c182775-33569578.html>

<sup>3</sup> [http://www.gxzf.gov.cn/zfgb/2020nzfgb/d2q\\_35476/zzqrmzfwj\\_35478/t1514825.shtml](http://www.gxzf.gov.cn/zfgb/2020nzfgb/d2q_35476/zzqrmzfwj_35478/t1514825.shtml)

## 2. No new guidelines on salary rise for 2020 issued so far

From January to May, there were no announcements of new guidelines on salary increase for 2020.

## 3. Income of migrant workers gains 6.5% yoy in 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 3,962 yuan in 2019, compared to the 6.8% yoy growth in 2018. The number of rural migrant workers reached 174.25 million as at the end of 2019, registering a year-on-year growth rate of 0.9% percent, compared to the 0.5% yoy growth in 2018.<sup>4</sup>

We have noticed three noteworthy trends in the migrant worker market. First, more migrant workers stay closer to their hometowns. In 2019, the number of migrant workers who worked in their home provinces grew by 2.5% yoy, while the number of those who worked outside their home provinces dropped by 1.1% yoy. Second, most of the growth in migrant workers is attributed to the central and western regions, whereas the eastern and northeastern regions have seen a decrease in number of migrant workers. For example, the number of migrant workers in the Pearl River Delta decreased by 1.18 million (or 2.6% yoy) to 44.18 million in 2019. Third, the proportion of migrant workers in the tertiary industry continued to increase, while that in the secondary industry continued to fall. In 2019, the tertiary industry employed 51.0% of all migrant workers, up from 50.5% in 2018. The secondary industry employed 48.6% of migrant workers in 2019, down from 49.1% in 2018.<sup>5</sup>

Looking ahead, we expect that the wages of migrant workers will fall temporarily due to a global demand crunch for most manufactured goods amid the COVID-19 pandemic.

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<sup>4</sup> [http://www.stats.gov.cn/tjsj/zxfb/202001/t20200117\\_1723383.html](http://www.stats.gov.cn/tjsj/zxfb/202001/t20200117_1723383.html)

<sup>5</sup> [http://www.stats.gov.cn/tjsj/zxfb/202004/t20200430\\_1742724.html](http://www.stats.gov.cn/tjsj/zxfb/202004/t20200430_1742724.html)



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