



## ► Issue Brief

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# The Institutional Features of Minimum Wage in China

- The first national level regulatory instrument on minimum wage was introduced in 1993: “Provisions on Minimum Wages in Enterprises”. Key features are:
  - The province-level government is the authorized body to adjust and fix minimum wage
  - Frequency of minimum wage adjustment: “adjustment at most once a year”
- Minimum wage is recognized in a law: The Labour Law enacted in 1994 contains stipulation on minimum wage, elevating minimum wage policy into a law from administrative requirement
  - Article 48 “China implements the minimum wage guarantee system”
- Revision of the “implementation regulation” on minimum wage in 2004: revised Provisions on Minimum Wages came into effect in March 2004. The revised provision introduces a more comprehensive set of regulation to govern minimum wage.
- Key features of the revised regulation and the subsequent practice and institutional development include:
  - Clearer definition of minimum wage, as the statutory minimum to be enforced by law
  - Scope of application of minimum wage is clarified and expanded:
  - The minimum wage regulation, either at the national level or at the province level, clearly indicate that minimum wage is to be applied to full-time and non-full-time workers who have “labour relations” at an “enterprise”.
    - The 2004 Provisions on Minimum Wage:
      - [Article 2] The present Provisions shall apply to the enterprises, private non-enterprise entities, individual industrial and commercial households with employees (hereinafter collectively referred to as employing entities) and the labourers who have **formed a labour relationship** with those employing entities.
  - Six (6) criteria for determination and adjustment of minimum wage are established [Article 6]:
    - the minimum living expenditure of workers and their dependents in the locality,
    - the consumer price index of urban residents
    - the social insurance contribution and individual contribution to the housing fund,
    - average wage level in the locality,
    - the level of economic development, and
    - the employment situation.
  - Clear stipulation of what components of actual wage should count towards

compliance with the minimum wage:

- [Article 12] In the case of workers providing normal labour, the wages the employer should pay to the workers shall not be lower than the local minimum wage standard after excluding the following items:
  - (1) Wage for work during extended working hours;
  - (2) Allowances under special working environments and conditions such as mid-shift, night shift, high temperature, low temperature, underground, toxic and hazardous conditions;
  - (3) The welfare and treatment of workers stipulated by laws, regulations and the state.
- The concept and mechanism of “hourly minimum wage” was introduced to exist side-by-side with “monthly minimum wage”.
- Hourly minimum wage is not simple conversion of monthly minimum wage: it is to be higher to account for some factors set out in the Provisions, using a “formula”<sup>1</sup>.

Minimum Wage Rates in Guangdong, 2018			
Monthly rates (4 MW areas plus Shenzhen)	Hourly rates	Simple conversion from monthly rates to hourly rates	The announced hourly minimum wage rate is higher than the simple conversion of monthly rate by... (%)
2,100	20.3	12.07	68.2
2,200	20.3	12.64	60.6
1,720	16.4	9.89	65.9
1,550	15.3	8.91	71.8
1,410	14.0	8.10	72.8

**Hourly minimum wage rates** are to be applied to “workers employed on non-full-time basis (非全日制就业劳动者)”, especially, in cases where workers/employers are not obliged to join various social insurance programmes, despite the fact that these workers are regarded as enjoying “labour relations” on the basis of labour contracts.

- [Article 6] “To determine and adjust the hourly minimum wage standard, on the basis of the promulgated monthly minimum wage standard, the basic pension insurance premiums and basic medical insurance premiums that the unit should pay should be considered.”
- New principle regarding frequency of adjustment: the revised Provisions stipulate that the minimum wage rate shall be adjusted at least once every two years – revising the 1993 Provision stipulation of “adjustment at most once a year”.
  - Subsequent to the national-level Provisions, some provinces have adopted province-level regulations stipulating a frequency that is different from the national level regulation. For example, in Hunan, the province level regulation on minimum wage stipulates that minimum wage rate is to be adjusted at least once every 3 years. In 2017, Guangdong Province also announced that it would adjust minimum wage every three years. (It is expected that province-level variations take place with the awareness and/or consent of the national

<sup>1</sup> Formula set out in the 2004 Provisions: Hourly minimum wage rate = [(monthly minimum wage rate ÷ 20.92 (working days in a month) ÷ 8 (daily work hours)) × (1 + the sum of basic pension insurance contribution and basic medical insurance contribution **the employer would ordinarily have to pay**)] × (1 + floating coefficient), where the coefficient takes into account the difference between non-full-time workers and full-time workers in terms of job security, working conditions, work intensity, and employer-provided welfare benefits). In a 2008 circular, the then Ministry of Labour and Social Security, adjusted the average number of working days per month – for use in the above formula -- to 21.75.

- level Ministry, as the relevant national level authority is to be at least consulted in the process.)
- [More detailed examination of the issue of “frequency” below]
  - Province-level governments are mandated to set the minimum wage levels in the area, on the basis of the indicative “formula” set out in the 2004 Provisions and through tripartite consultation<sup>2</sup>
    - Mechanism of “coordination” and “supervision” of minimum wage adjustment and level are introduced by requiring the province level authorities to submit their proposal for adjustment to the MOHRSS before finally and actually fixing the new rates
  - Each province has, usually, 3 to 4 different minimum wage rates/levels: various cities, districts, and areas in the province are classified into 3 to 4 groups with each applying different MW rate/level.
    - Each province decides the number of minimum wage rates to be applied based on consideration of the level of development in different regions within the province. Provinces are expected to narrow the wage differences between the rates with a view to reducing the number of rates to be applied in the province.
    - This has led to reduction of the number of rates in some provinces: in Sichuan, 4 existing rates were reduced to 3 in 2013 minimum wage adjustment; in Qinghai, existing 3 rates were unified into 1 – to be applied for the whole of the province – in 2017 adjustment.
    - In 2011, there were 110 different monthly minimum wage rates across China; while most provinces had 3 or 4 rates (13 provinces had 4 rates; there were 7 rates in Heilongjiang, 6 in Anhui, 5 in Jiangxi).
    - As of March 2020, across the whole of China, there are 96 distinct areas where specific monthly and hourly minimum wage rates are applied (a total of 192 distinct rates – refer to Annex for all the rates in force in 2020):
      - Beijing, Tianjin, Shanghai, and Shenzhen have 1 minimum wage rate, while Chongqing has 2 rates; Tibet and Qinghai also have only 1 rate.
      - 13 jurisdictions have 4 rates; 12 have three rates.
  - Provinces have also adopted different approaches in determining what constitutes minimum wage compliance, especially with regard to payment of premiums (contribution) for various statutory social insurance and fund programmes:
    - A study by China Enterprise Confederation (CEC) in 2016 found: “among the 32 provinces and municipalities in China, only the minimum wage standards executed in Beijing and Shanghai do not include social insurance charges and housing provident funds for endowment, unemployment and medical insurances that labourers must individually pay; however, the minimum wage standards in other regions include the social insurance charges paid by employees.”
    - Since the 2016 CEC study, Anhui Province adopted a new province-level “Minimum Wage Regulations” that came into effect on 1 February 2017, which excludes social insurance premiums and housing provident fund paid by individuals from minimum wage consideration, thus giving more take-home “value” for the minimum wage rates. This new regulation was applied for the first time in the adjustment that came into effect on 1 November 2018.

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<sup>2</sup> While the Provisions set out specific criteria for determining minimum wage rates, it also allows for “variable factors”, which could provide for the space for tripartite consultation towards the final decision.

## Key challenges and issues for consideration

### Tripartite consultation in minimum wage adjustment

- While no province has established a designated tripartite body with a clearly established mandate to consider and recommend minimum wage adjustment (like the Low Pay Commission in the UK, the National Wage Council in Viet Nam, the Minimum Wage Council in South Korea or the Tripartite Council in Mongolia), the existing Tripartite Labour Relations Coordination Commission in each province is known to be involved in the deliberation on the minimum wage adjustment.
- The extent and quality of tripartite consultation on adjustment of minimum wage is unclear and seems varied among the provinces, especially as the discussions are, in general, not widely publicized, other than through reports after the event.
  - A study by the CEC in 2016 found the deliberation process in Shanghai was the most dynamic, with the employers organization playing an active part in making suggestions on minimum wage adjustment and in the consultation process.
  - It has been noted that “delays” in the decision on new minimum wage adjustment in some provinces reflected active tripartite consultation process, caused by difficulties in developing consensus among the parties involved.

#### Issue for consideration

It will be important to establish clear set of rules regarding tripartite consultation and decision making to support the strengthening and regularizing the deliberation process on the adjustment, especially to avoid the “failures” to reach agreement that leads to delays in scheduled announcement and implementation.

### Frequency of minimum wage adjustment

- The “frequency” of adjustment – and the “date” of decision and announcement of new adjusted rates and the date of implementation of new minimum wage rates – are important in creating “predictability”. However, this has been unclear in most provinces.
  - Frequency of minimum wage adjustment is varied among the provinces; that is, the time lapse between one adjustment to the next can vary between 1 year and more than 3 years.
  - Only Beijing and Shanghai have adjusted the minimum wage once per year, between 2012 and 2019.
  - A significant number of provinces maintained the newly adjusted minimum wage for longer than 30 months.
    - The longest period between adjustments was 40 months in Hebei: minimum wage of 1,640 RMB came into effect on 1 July 2016 only to be adjusted to 1,900 on 1 November 2019.
    - Guangdong maintained the minimum wage set on 1 May 2015 for 37 months, 1 month more than its policy of 3-year term.
  - It is not clear whether the provinces have a clearly stipulated policy regarding the frequency of adjustment and the date of announcement of newly adjusted minimum wage levels, or whether the decision to adjust and the decision on timing of adjustment is made on *ad hoc* basis.

- In most cases, there is no “announcement” on NOT adjusting minimum wage in any given year.
  - Only one province, Hunan, has had a practice of setting the time period for newly announced minimum wage levels, which gave clear indication when the next adjustment decision would be made. For example, in 2013 announcement, the new minimum wage levels were to be applicable for period from 1 December 2013 to 30 November 2014. This practice continued under the 2015 adjustment. Since the 2017 adjustment, the end-date is no longer indicated.
- Most provinces changed the date on which the new minimum wage comes into effect. For example, in Beijing, new minimum wage came into effect on 1 January in years 2012 and 2013, on 1 April in years 2014 and 2015, on 1 September in years 2016, 2017, and 2018, and in 2019, the date was shifted to 1 July.
  - While most provinces have changed the date on which a new/adjusted set of minimum wage rates come into effect, it is difficult to ascertain the reasons for the shifts.
  - Only Shanghai has maintained a constant date for application of new minimum wage, between 2012 and 2019.
  - In 2020, due to the Covid-19 pandemic, most provinces have not adjusted the minimum wage; in the 3 provinces which have introduced new rates, the decision was made before the pandemic struck the country.
- In many cases, there is only a few days of gap between the date of announcement of new minimum wage rates and the date on which the new minimum wage rates would come into effect. Apart from the changed/increased level of minimum wage rate, the lack of time for employers to prepare for (and thus comply with) the new minimum wage levels would cause significant difficulties for the employers.
  - In Shanghai, a minimum wage jurisdiction that has maintained remarkable consistency, the announcement of new rate each year was made on the day before the new rate was supposed to come into effect. An allowance period of 1 to 2 weeks was introduced in 2018 and 2019.
  - In some cases, the announcement of new minimum wage “back-dates” the implementation by one or two weeks. For example, in Heilongjiang, the new rates were announced on 25 October 2017, but the start of implementation was set for 1 October; in Xinjiang, in 2018 adjustment, the new rates came into effect on 1 January, but the announcement was only made on 9 March.
  - The most preparation time given by a new announcement for its implementation is found in Beijing, where 2 months space is given between announcement and implementation of new minimum wage levels.
- In many cases, new adjustment decision and announcement are made late in the year. However, these adjustments are not meant to be applied retrospectively from the beginning of that year.
- There may be “looking over the shoulder” effect among provinces – especially neighbouring provinces, where one province looks across another either to increase the rate higher than the neighbour, or to set a lower rate, either to attract workers or to attract investment – that is a factor both for delays in adjustment and the actual adjustment of the minimum wage rates.
- The combination of long periods between adjustments, shifting dates for announcement of new minimum wage, and the short preparation time given between the announcement of the new rates and the date the new rates come into effect can create uncertainties for both businesses and workers.

### Issue for consideration

In order to counter the unpredictability and difficulties associated with minimum wage for employers a number of measures related to frequency could be adopted:

- fixed dates for decision/announcement and implementation of new minimum wage rate
- ensure there is sufficient period between the date of announcement and the date the new rates come into effect
- establish fixed frequency: for example, once a year, once every two years, etc.
- make announcements even when the decision is NOT to adjust the minimum wage rates at the end of frequency period. (Such announcements were made in 2020 in view of the Covid-19 pandemic in some provinces, such as, Beijing (July), Shanghai June), and Shenzhen (December).)

The issues of frequency, fixed dates for announcement, fixed dates on which the new rates come into effect, and coordination across the country will need to be reviewed on the basis of a thorough review and better understanding of the current practice and their impact on achieving the policy objective.

## Definition and scope of application of minimum wage

- Given the variations in the definition of minimum wage across the provinces, especially in view of the national-level regulation, it would be important to review whether the fundamental policy objectives are sufficiently and uniformly achieved through the decentralised practice.
- One issue which calls for a more in depth examination is the question “who should benefit from the protection provided by the minimum wage policy”.
  - This question can be examined, especially, in the context of expansion of new forms of employment, including flexible employment (where the level of wage may be relatively high, but, based on considerably long working hours).
- ILO in a recently adopted “Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)” calls on the member countries to progressively extend minimum wage protections, in law and in practice, to workers in the informal economy through the process of formalization.
  - “new forms of employment”, including “flexible employment”, may not be regarded, in China, as “informal economy”; however the “intention” of the Recommendation No. 204 should not be overlooked.
- ILO Minimum Wage Policy Guide notes that some countries have partially extended protection of minimum wage to workers who may “not qualify as employees under the relevant legal system”, who are engaged in a work arrangement known as “dependent self-employment”.
  - For example, in the United Kingdom, the category “workers” (which encompasses both “employees” and other individuals performing work or services personally) was introduced, and extended the coverage of the national minimum wage to this

category even though some of these “workers” do not qualify as “employees” under United Kingdom law.

- ILO Minimum Wage Policy Guide also notes that it is possible to find some workers who are engaged in “non-standard forms of employment” are “excluded from minimum wage protection because they are misclassified”, or their actual employment relationship is “disguised”.
  - As noted in the ILO Recommendation No. 198, “Employment Relationship Recommendation, 2006”, “disguised employment relationship” refers to “when the employer treats an individual as other than an employee in a manner that hides his or her true legal status as an employee, and that situations can arise where contractual arrangements have the effect of depriving workers of the protection they are due”.
- The minimum wage policy in China already reflects a considered effort to broaden the scope of application of the protection of minimum wage by including “non-full-time workers” (2004 Provision on Minimum Wage)
- Furthermore, the 2004 Provision also highlights the need to undertake specific efforts to actually apply the minimum wage protection:
  - [Article 12] Employers that implement piece-rate wages or commission wages and other wage forms shall ensure that the wages paid to workers are not lower than the corresponding minimum wage standards, on the basis of scientific and reasonable labour quotas. (In some areas, trade unions have initiated collective negotiations to set piece-rates and labour quotas on the basis of their own “time studies”.)
  - A key consideration in applying minimum wage standard in the context of piece-rate pay system is that workers should be able to earn at least the minimum wage for work done within the regular working hours through reasonable effort.
  - This principle would be important point of reference in examining the “wages” or “income” of workers in new forms of employment, including flexible employment, for example, platform labour, even if minimum wage is not applied.

### Issue for consideration

In the context of rapid increase and expansion in new forms of employment, and in particular, flexible employment, it would be important to explore whether there is a need – and possibility – to extend the protection of minimum wage to some of those workers who are not currently covered.

## Annex: Examination of selected data

	Frequency of minimum wage adjustment									Current MW, as of 2020.03.31 (released by MOHRSS, 2020.04.26)
Province	2012	2013	2014	2015	2016	2017	2018	2019	2020	
北京 Beijing	2012.01.01 1,260 2011.12.29	2013.01.01 1,400 2012.12.28	2014.04.01 1,560 2014.1.30	2015.04.01 1,720 2015.2.12	2016.09.01 1,890 2016.7.8	2017.09.01 2,000 2017.7.10	2018.09.01 2,120 2018.6.28	<b>2019.07.01</b> 2,200 2019.5.08	2020.07.14 suspension of MW adjustment announced	2,200
天津 Tianjin	2012.04.01 1,310 2012.3.2	2013.04.01 1,500 2013.4.1	2014.04.01 1,680 2014.3.19	2015.04.01 1,850 2015.3.24	2016.07.01 1,950 2016.6.24	<b>2017.07.01</b> 2,050 2017.6.7	[2,050]	[2,050]	2020.03.09 suspension of MW adjustment announced	2,050
河北 Hebei	2011.07.01 1,100 2011.6.27 2012.12.01 1,320 2012.11.30	[1,320]	[1,320] 2014.12.01 1,480 2014.10.10	[1,480]	2016.07.01 1,640 2016.6.30	[1,640]	[1,640]	[1,650] <b>2019.11.01</b> 1,900 2019.9.20		1,900
山西 Shanxi / Taiyuan	2012.04.01 1,125 2012.4.9	2013.04.01 1,290 2013.4.8	2014.04.01 1,450 2014.4.10	2015.05.01 1,620 2015.5.12	[1,620]	[1,620] <b>2017.10.01</b> 1,700 2017.9.25	[1,700]	[1,700]		1,700
内蒙古 Inner Mongolia	2011.11.01 1,050 2012.11.01 1,200 2012.10.29	[1,200] 2013.10.01 1,350 2013.10.10	2014.07.01 1,500 2014.7.3	2015.07.01 1,640 2015.6.24	[1,640]	<b>2017.08.01</b> 1,760 2017.7.31	[1,760]	[1,760]		1,760
辽宁 Liaoning	2011.07.01 1,100 2011.7.8	2013.07.01 1,300 2013.6.14	[1,300]	[1,300]	2016.01.01 1,530 2015.12.8	[1,530]	2018.01.01 1,620 2017.11.30	[1,620] <b>2019.11.01</b> 1,810 2019.9.4		1,810
吉林 Jilin	2011.05.01 1,000 2012.10.01 1,150 2012.9.21	2013.07.01 1,320 2013.6.25	[1,320]	[1,320] 2015.12.01 1,480 2015.11.30	[1,480]	[1,480] <b>2017.10.01</b> 1,780 2017.8.31	[1,780]	[1,780]		1,780
黑龙江 Heilongjiang	2010.07.01 880 2010.7.28 2012.12.01 1,160 2012.12.13	[1,160]	[1,160]	[1,160] 2015.10.01 1,480 2015.9.30	[1,480]	[1,480] <b>2017.10.01</b> 1,680 2017.10.25	[1,680]	[1,680]		1,680
上海 Shanghai	2012.04.01 1,450 2012.3.31	2013.04.01 1,620 2013.03.28	2014.04.01 1,820 2014.3.28	2015.04.01 2,020 2015.3.30	2016.04.01 2,190 2016.3.30	2017.04.01 2,300 2017.3.31	2018.04.01 2,420 2018.3.16	<b>2019.04.01</b> 2,480 2019.3.22		2,480
江苏 Jiangsu	2011.2.1 1,140 2011.1.4	2013.07.01 1,480 2013.6.21	[1,480]	[1,630]	2016.01.01 1,770 2015.12.18	2017.07.01 1,890 2017.6.23	<b>2018.08.01</b> 2,020 2018.7.12	[2,020]		2,020



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	2012.06.01 1,320 2012.5.22		2014.11.01 1,630 2014.10.23							
浙江 Zhejiang	2011.04.01 1,310 2011.3.2	2013.01.01 1,470 2012.12.18	2014.08.01 1,650 2014.7.28	[1,650] 2015.11.01 1,860 2015.9.11	[1,860]	[1,860] <b>2017.12.1</b> 2,010 2017.11.1	[2,010]	[2,010]	April: suspension of MW adjustment announced	2,010
安徽 Anhui	2011.07.01 1,010 2011.7.1	2013.07.01 1,260 2013.7.5	[1,260]	2015.11.01 1,520 2015.10.28	[1,520]	[1,520]	[1,520] <b>2018.11.01</b> 1,550 2018.10.29	[1,550]		1,550
福建 Fujian	2011.03.01 1,100 2011.3.22  2012.8.1 1,200 2012.7.31	2013.08.01 1,320 2013.8.9	[1,320]	2015.07.01 1,500 2015.7.13	[1,500]	2017.07.01 1,700 2017.5.8	[1,700]	[1,700]	<b>2020.01.01</b> 1,800 2019.11.13	1,800
江西 Jiangxi	2012.01.01 870 2011..12.21	2013.04.01 1,230 2013.3.7	2014.07.01 1,390 2014.5.30	[1,390] 2015.10.01 1,530 2015.9.17	[1,530]	[1,530]	<b>2018.01.01</b> 1,680 2017.10.30	[1,680]		1,680
山东 Shandong	2012.3.1 1,240 2012.2.29	2013.03.01 1,380 2013.2.27	2014.03.01 1,500 2014.2.28	2015.03.01 1,600 2015.2.28	2016.6.1 1,710 2016.5.23	2017.6.1 1,810 2017.5.27	<b>2018.06.01</b> 1,910 2018.4.26	[1,910]		1,910
河南 Henan	2011.10.01 1,080 2011.9.21	2013.01.01 1,240 2012.12.1	2014.07.01 1,400 2014.6.30	2015.07.01 1,600 2015.7.1	[1,600]	[1,600] 2017.10.01 1,720 2017.8.26	[1,720] <b>2018.10.01</b> 1,900 2018.7.19	[1,900]		1,900
湖北 Hubei	2011.12.01 1,100 2011.11.15	2013.09.01 1,300 2013.8.16	[1,300]	[1,300] 2015.09.01 1,550 2015.8.2	[1,550]	[1,550] <b>2017.11.01</b> 1,750 2017.9.21	[1,750]	[1,750]		1,750
湖南 Hunan	2011.07.01 - 2012.6.30 1,020 2011.10.11  <b>2012.7.1 –</b> <b>2013.6.30</b> 1,160 2013.11/12	[1,160]  <b>2013.12.1 –</b> <b>2014.11.30</b> 1,265 2013.11.12	[1,265]	<b>2015.1.1 –</b> <b>2015.12.31</b> 1,390 2014.12.22	[1,390]	2017.07.01 1,580 2017.6.7	[1,580]  <b>2019.10.01</b> 1,700 2019.9.6	[1,580]		1,700
广东 Guangdong	2011.03.01 1,300 2011.01.18	2013.05.01 1,550 2013.2.4	[1,550]	2015.05.01 1,895 2015.2.15	[1,895]	[1,895]	<b>2018.07.01</b> 2,100 2018.6.20	[2,100]		2,100
深圳 Shenzhen	2012.02.01 1,500 2011.12.30	2013.03.01 1,600 2013.2.21	2014.02.01 1,808 2013.12.31	2015.03.01 2,030 2015.2.4	[2,030]	2017.06.01 2,130 2017.4.1	<b>2018.08.01</b> 2,200 2018.6.29	[2,200]	December: suspension of MW adjustment announced	2,200
广西 Guangxi	2012.01.01 1,000 2012.1.14	2013.02.01 1,200 2013.2.7	[1,200]	2015.01.01 1,400 2015.3.26	[1,400]	[1,400]	2018.02.01 1,680 2018.1.17	[1,680]	<b>2020.03.01</b> 1,810 2020.1.14	1,810
海南 Hainan	2010.07.01 830 2010.6.17  2012.09.01 1,050 2012.8.30	[1,050]  2013.12.01 1,120 2013.11.25	[1,120]	2015.01.01 1,270 2014.12.29	2016.5.1 1,430 2016.2.26	[1,430]	[1,430]  <b>2018.12.01</b> 1,670 2018.11.30	[1,670]		1,670
重庆 Chongqing	2011.01.01 870 2010.11.22	[1,050]	2014.01.01 1,250 2013.12.11	[1,250]	2016.1.1 1,500 2015.12.4	[1,500]	[1,500]	<b>2019.01.01</b> 1,800 2018.11.29		1,800

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	2012.5.1 1,050 2012.4.29									
四川 Sichuan	2012.01.01 1,050 2012.1.18	2013.07.01 1,200 2013.6.14	2014.07.01 1,400 2014.5.29	2015.07.01 1,500 2015.6.17	[1,500]	[1,500]	2018.07.01 1,780 2018.6.28	[1,780]		1,780
贵州 Guizhou	2011.09.01 930 2011.8.26	2013.01.01 1,030	2014.07.01 1,250	[1,250] 2015.10.01 1,600 2015.9.11	[1,600]	2017.07.01 1,680 2017.6.22	[1,680]	[1,680]	2019.12.01 1,790 2019.9.16	1,790
云南 Yunnan	2011.09.01 950 2011.9.2 2012.5.1 1,100 2012.5.16	2013.05.01 1,265 2013.4.27	2014.05.01 1,420 2014.4.30	2015.09.01 1,570 2015.7.22	[1,570]	[1,570]	2018.05.01 1,670 2018.3.27	[1,670]		1,670
西藏 Tibet	2010.08.01 950 2010.7.27 2012.9.1 1,200	[1,200]	[1,200]	2015.01.01 1,400 2015.1.4	[1,400]	[1,400]	2018.01.01 1,650 2018.1.2	[1,650]		1,650
陕西 Shaanxi / Xi'an	2012.1.1 1,000 2011.12.21	2013.01.01 1,150 2012.12.24	2014.2.1 1,280 201.12.23	2015.05.01 1,480 2015.3.19	[1,480]	2017.5.1 1,680 2017.3.23	[1,680]	2019.05.01 1,800 2019.01.23		1,800
甘肃 Gansu	2012.4.1 980 2012.3.30	2013.04.01 1,200 2013.4.10	2014.4.1 1,350 2014.4.11	2015.04.01 1,470 2015.4.1	[1,470]	2017.06.01 1,620 2017.6.17	[1,620]	[1,620]		1,620
青海 Qinghai	2011.12.01 920 2011.11.14 2012.12.1 1,070 2012.11.25	[1,070]	2014.05.01 1,270 2014.4.30	[1,270]	[1,270]	2017.05.01 1,500 2017.6.6	[1,500]	[1,500]	2020.01.01 1,700 2019.11.19	1,700
宁夏 Ningxia	2011.04.01 900 2011.3.30 2012.4.1 1,100 2012.4.10	2013.05.01 1,300 2013.4.23	[1,300]	2015.11.01 1,480 2015.12.10	[1,480]	[1,480] 2017.10.01 1,660 2017.10.9	[1,660]	[1,660]		1,660
新疆 Xinjiang	2011.06.01 1,160/960 2011.7.15 2012.6.1 1340/1085 2012.6.26	2013.06.01 1,520/1210 2013.5.29	[1520 / 1210]	2015.07.01 1,670/1314 2015.8.4	[1670 / 1314]	[1670 / 1314]	2018.01.01 1,820/1441 2018.3.9	[1820 / 1441]	[1820/1441]	1,820

- The value of minimum wage in this table is only the highest minimum wage in each Province.
- Two dates are provided for each minimum wage adjustment: the first (above the minimum wage amount) is the date the new rate is to come into effect; the second (below the minimum wage amount) is the date the new rate is decided or announced. While the date for coming into force is clear in all cases, the second date is not as clear. This stems from the indication of different dates for decision made, decision or announcement made by the Province-level government, and the announcement made by the province-level department of human resources and social protection. However, in most cases the decision/announcement dates are within a couple of days.
- Shenzhen, while not a province-level jurisdiction, makes its own minimum wage rate adjustment; sometimes it is included in the announcement of new rates for the province of Guangdong, but, in some other times, it is not included, and announced separately. There are years between 2012 and 2019, when new minimum wage adjustment was made in Shenzhen, but, not in Guangdong: 2014 and 2017. And the dates of decision/announcement and the dates of implementation also differ between Guangdong and Shenzhen.
- In some cases, the new minimum wage decision and announcement were made late in the year. For example, Zhejiang in 2017: new minimum wage came into effect on 1 December. This means for 11 months of 2017, the applicable minimum wage was 1,860 RMB set in late 2015.
- Xinjiang issues 2 sets of monthly minimum wage: one that incorporates contribution to the various social insurances, and another that excludes these contributions.
- Hunan Province had a practice of setting the period for application of newly adjusted minimum wage levels, until 2015 adjustment.

## National minimum wage standards in various regions, 2020

(MOHRSS, as of March 31, 2020)<sup>3</sup>

全国各地区最低工资标准情况

单位：元

地区	月最低工资标准				小时最低工资标准			
	第一档	第二档	第三档	第四档	第一档	第二档	第三档	第四档
北 京	2200				24			
天 津	2050				20.8			
河 北	1900	1790	1680	1580	19	18	17	16
山 西	1700	1600	1500	1400	18.5	17.4	16.3	15.2
内 蒙 古	1760	1660	1560	1460	18.6	17.6	16.5	15.5
辽 宁	1810	1610	1480	1300	18.3	16.3	15	13.2
吉 林	1780	1680	1580	1480	17	16	15	14
黑 龙 江	1680	1450	1270		16	13	12	
上 海	2480				22			
江 苏	2020	1830	1620		18.5	16.5	14.5	
浙 江	2010	1800	1660	1500	18.4	16.5	15	13.6
安 徽	1550	1380	1280	1180	18	16	15	14
福 建	1800	1720	1570	1420	18.5	18	16.5	15
江 西	1680	1580	1470		16.8	15.8	14.7	
山 东	1910	1730	1550		19.1	17.3	15.5	
河 南	1900	1700	1500		19	17	15	
湖 北	1750	1500	1380	1250	18	16	14.5	13
湖 南	1700	1540	1380	1220	17	15	13.5	12.5
广 东	2100	1720	1550	1410	20.3	16.4	15.3	14
其中：深圳	2200				20.3			
广 西	1810	1580	1430		17.5	15.3	14	
海 南	1670	1570	1520		15.3	14.4	14	
重 庆	1800	1700			18	17		
四 川	1780	1650	1550		18.7	17.4	16.3	
贵 州	1790	1670	1570		18.6	17.5	16.5	
云 南	1670	1500	1350		15	14	13	
西 藏	1650				16			
陕 西	1800	1700	1600		18	17	16	
甘 肃	1620	1570	1520	1470	17	16.5	15.9	15.4
青 海	1700				15.2			
宁 夏	1660	1560	1480		15.5	14.5	13.5	
新 疆	1820	1620	1540	1460	18.2	16.2	15.4	14.6

注：本表数据时间截至2020年3月31日。

In 2020, new minimum wage adjustment came into effect only in 3 provinces. (In 2 provinces, the rates for 2020 were decided in late 2019, and in the only case where the decision was made in 2020, it was made in January, before the reality of Covid-19 pandemic break out was clearly felt.) Four other regions made public announcement that there would not be minimum wage adjustment in 2020. For other provinces, there may not have been a need to consider minimum wage adjustment in 2020 as the previous minimum wage adjustment would usually remain in effect for around 2 to 3 years.

<sup>3</sup> [http://www.mohrss.gov.cn/SYrlzyhshbzb/laodongguanxi\\_/fwyd/202004/t20200426\\_366507.html](http://www.mohrss.gov.cn/SYrlzyhshbzb/laodongguanxi_/fwyd/202004/t20200426_366507.html)

As of October 2020, for 8 provinces (Beijing, Hebei, Liaoning, Shanghai, Hunan, Chongqing, Guizhou, Shaanxi) the last adjustment was in 2019, for 12 provinces in 2018, while the last adjustment was in 2017 for 9 provinces (Tianjin, Shanxi, Inner Mongolia, Jilin, Heilongjiang, Zhejiang, Hubei, Gansu, and Ningxia).

<b>Frequency of adjustment: Provinces</b> (directly controlled municipalities, including Shenzhen) <b>where newly adjusted Minimum Wage has come into effect in the Year</b> (total of 32 Minimum wage jurisdictions)	
2020 (as of October 2020)	3
2019	8
2018	15
2017	19
2016	9
2015	27
2014	19
2013	27
2012	25

## Monitoring the effects of minimum wage

Various factors are usually taken into consideration in adjusting minimum wage and monitoring the effects of minimum wage. In China, the 2004 Provisions on minimum wage establishes six (6) criteria for determination and adjustment of minimum wage:

- the minimum living expenditure of workers and their dependents in the locality,
- the consumer price index of urban residents
- the social insurance contribution and individual contribution to the housing fund,
- average wage level in the locality,
- the level of economic development, and
- the employment situation.

A number of factor or indicators are also usually examined to monitor the impact of minimum wage, depending on the policy objectives invested in the minimum wage system. This may differ from country to country.

ILO Minimum Wage Policy Guide identifies some of the most common impacts/indicators that are monitored:

- effect of minimum wage on wages (*does minimum wage increase wages?*)
- effect of minimum wage on gender pay-gaps (*does increase in minimum wage reduce gender pay gap, as women are, in general, over-represented in low-paying jobs?*)
- effect of minimum wage on employment (*does minimum wage reduce or increase employment?*)
- effect of minimum wage on formal and informal employment (*does minimum wage promote movement of workers towards or away from formal employment?*)
- effects on labour productivity
- interaction with other wage setting mechanisms, such as, collective bargaining

► **ILO Brief:** The Institutional Features of Minimum Wage in China

- effects on household income and poverty, and,
- effects on government finances (*does increase in minimum wage lead to increase in the tax revenue?*).

Each of the determination criteria and monitoring indicators require extensive and stable availability of relevant statistical data.

A brief review of the available statistical data in China to monitor the impact of minimum wage show that the developments in minimum wage over the last decade has generally met the policy orientation adopted by the government:

- The 12th Five-Year Plan for 2011-15 had set a clear policy goal of increasing the minimum wage by 13% annually, and to bring the value of minimum wage up to 40% of average wage in 2015. (See below)
- While this goal was largely met by the end of the 12th Five Year Plan period, it is not clear (especially given the lack of – access to – appropriate data) whether minimum wage practices have delivered effectively on the overall objective of reducing wage gaps, and whether such a strong policy emphasis has been maintained, especially since 2016.

## Minimum wage compared to the wages in the market

Comparison of minimum wage with average or median wage is an important indicator both in determining minimum wage and in examining the impact of minimum wage.

In China, the ratio of minimum wage to the average wage is significantly varied among the provinces and across time, with a general trend of decline. There is significant observable decrease in the ratio of minimum wage in comparison with the average wage in the “urban non-private units”, while the decline is less conspicuous and varied in comparison with the average wage in the “urban private units”. [See the graphs of ratio of minimum wage to average wage in eight (8) selected provinces (including Beijing and Shanghai) in the Annex.]

- This note does not examine other indicators, as the primary focus is the institutional features of minimum wage system in China, and, also, because data to compare minimum wage with median wage, to examine the size of workforce which actually benefit from minimum wage (including the size of workforce whose wage is below minimum wage) are not easily available.
- Other indicators, such as, employment effect, effect on gender pay-gap, etc., requires a close examination by wage specialists and the relevant data – this is not the objective of this “note”.
- It will be important to carry out regular and rigorous monitoring of the effect of minimum wage to identify and verify the (positive and negative) outcomes.

With regard to the impact of minimum wage on wage growth, it should be noted that most provinces in China have developed and adopted specific policy instruments, separate from minimum wage, to promote (to provide evidence for) wage growth.

### Instruments to promote wage growth

Most provinces have developed different mechanisms/instruments to support the development/growth of wage and to encourage improved negotiated wage outcomes, such as, “wage rates of selected occupations and industries”, “wage increase guidance (企业工资指导线和部分行业工资指导线的通知; 企业工资指导线的通知)”, etc.

- Such “enterprise wage guidelines” which provide recommendations for wage

increases provide for ordinary wage increase [增长基准线为], highest wage increase [增长上线为] (for enterprises with certain conditions), and lowest wage increase [增长下线为]) for enterprises with certain conditions).

- For example, in 2016, Shaanxi Province Department of Human Resources and Social Protection issued a “wage guidance”, which recommends a general increase of 7%, upper band increase of 11%, and lower band increase of 3%.
- This instrument aimed at promoting wage growth and wage negotiation is used in most provinces across China.
- These wage increase guidance notices are issued regardless of minimum wage adjustment, meaning they can be (and usually are) issued even in those years when the minimum wage is not adjusted. For example, in the case of Shaanxi above, there was no minimum wage adjustment in 2016; minimum wage that was adjusted in April 2015 was in effect until new adjustment was made in May 2017.

However, minimum wage is itself regarded as an important mechanism contributing to wage growth policy objective.

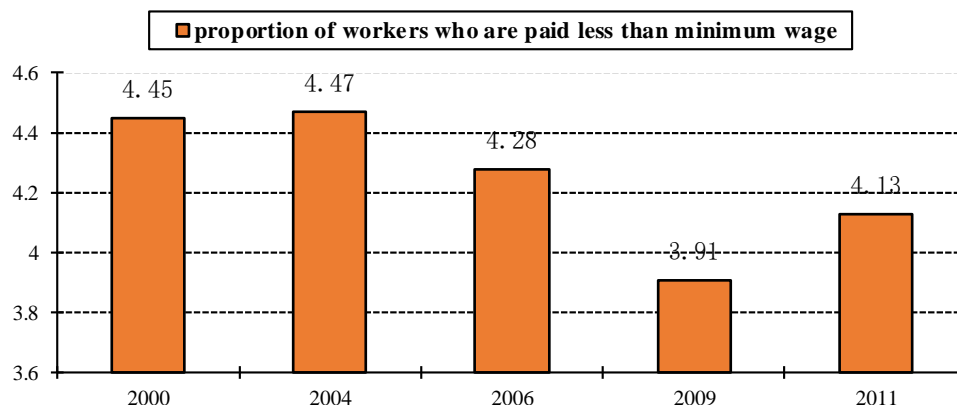
- ILO Minimum Wage Policy Guide notes “Minimum wage can benefit minimum-wage earners as well as workers with somewhat higher earning”, and in doing so, it can “reduce wage inequality”, and “contributes to raising the relative wages of more vulnerable or disadvantaged workers, such as those who are young, less educated, or migrant workers”.
- The Guide notes the mechanism of the effect of minimum wage on wage growth:
  - Firstly, they should benefit so-called “bound” workers – those who previously earned less than a newly introduced or newly increased minimum wage.
  - Secondly, minimum wages can have “ripple” or “spill-over” effects further up the wage distribution, increasing wages of those above the level of the minimum. Spill-over (or push-up) effects refer to wage increases that take place because employers or workers (or both) want to maintain differences in job status, or higher wages for workers with more seniority or skill. Spill-over effects are normally stronger at wages that are close to the minimum, and progressively disappear as workers earn higher wages.

In China, the actual value of minimum wage in comparison to the average wage is relatively low – and has continued to decrease -- in many provinces, especially those where economic development and wage growth have been rapid and dynamic. (See below for a closer examination.)

- Relatively low value – or loss of value – of minimum wage could pose serious challenge in securing fair wage development for workers in sectors and occupations where negotiated wage outcomes are less developed, and especially in some sectors of “flexible employment”, including platform-based work.
- The comparison of minimum wage with average wage may not be a good indicator for understanding the value of minimum wage. Average wage can be affected by extreme values (both in terms of number of workers and the wage levels) at the either end of the wage range. A better indicator would be comparison between minimum wage and median wage.
  - It can be expected that the ratio of minimum wage against median wage would be relatively higher than the ratio of minimum wage against average wage.
- Another important indicator is the size of workforce who directly benefit from minimum wage, including the number of workers whose wage levels are below or just above the (new) minimum wage levels.
  - Due to the difficulties in publicly accessing the relevant data, this note is not able to examine the above two indicators.
  - A study commissioned by the ILO in 2016 examined the proportion of workforce who

are paid less than minimum wage. This kind of monitoring will be important to examine whether an important policy instrument is, in practice, delivering the expected outcomes:

#### The proportion of low-wage population from 2000 to 2011 (%)<sup>4</sup>



- One factor that may influence the relatively low level of minimum wage – or long gaps between adjustments – may stem from the practice of using minimum wage level as the reference value for setting various government social assistance programmes.
  - In a number of provinces, the minimum wage rate is used as the reference for setting the unemployment insurance benefits.
  - In some provinces, the minimum wage rate is used as the reference for setting contribution rates for housing providence fund

A number of studies have examined the relationship between minimum wage and the wage developments in the market.

Below is from a study carried out by the China Enterprise Confederation (CEC).

#### Minimum wage and Average Wage China in 2015 (updated on Jul. 1, 2015)<sup>5</sup>

Region	Minimum monthly wage standard	Average monthly wage of employees in 2014	Proportion of minimum wage in the average wage	Implementation date
Shenzhen	2030	6054	33.53%	2015.3.1
Shanghai	2020	5451	37.06%	2015.4.1
Guangdong	1895	4199	45.13%	2015.3.1
Tianjin	1850	4686	39.48%	2015.4.1
Beijing	1720	6463	26.61%	2015.4.1
Zhejiang	1650	4031	40.93%	2014.8.1
Inner Mongolia	1640	3689	44.46%	2015.7.1
Jiangsu	1630	4202	38.79%	2014.11.1
Shanxi	1620	4081	39.70%	2015.4.1
Shandong	1600	4527	35.34%	2015.3.1

<sup>4</sup> Unpublished paper commissioned by the ILO (available upon request). All data are obtained from Wang et.al (2012) using CHNS data set from 2000 to 2011.

<sup>5</sup> CEC. 2016. A Report on Research of Minimum Wage System in China (unpublished draft/report).

Xinjiang	1520	3817	39.82%	2014.6.1
Fujian	1500	4452	33.69%	2015.7.1
Sichuan	1500	3808	39.39%	2015.7.1
Liaoning	1480	4016	36.85%	2013.7.1
Shaanxi	1480	4211	35.15%	2015.5.1
Hebei	1480	3853	38.41%	2014.12.1
Gansu	1470	3913	37.57%	2015.4.1
Yunnan	1420	3984	35.64%	2014.5.1
Tibet	1400	5100	27.45%	2015.1.1
Guangxi	1400	3785	36.99%	2015.1.1
Henan	1400	2900	48.28%	2014.7.1
Hunan	1390	3873	35.89%	2015.1.1
Jiangxi	1390	3852	36.09%	2014.7.1
Jilin	1320	3876	34.06%	2013.7.1
Hubei	1300	3227	40.29%	2013.9.1
Ningxia	1300	3670	35.42%	2013.5.1
Hainan	1270	3798	33.44%	2015.1.1
Qinghai	1270	3643	34.86%	2014.5.1
Anhui	1260	3590	35.10%	2013.7.1
Chongqing	1250	3989	31.34%	2014.4.1
Guizhou	1250	3956	31.60%	2014.7.1
Heilongjiang	1160	3558	32.60%	2012.12.1

The graphs below show the trends in the development of minimum wage over time, from 2012 to 2019, for selected provinces, namely, Beijing, Liaoning, Zhejiang, Anhui, Shanghai, Henan, and Guizhou. The graphs examine the relationship between the highest minimum wage rate in each of these provinces and the average wage in the respective provinces.

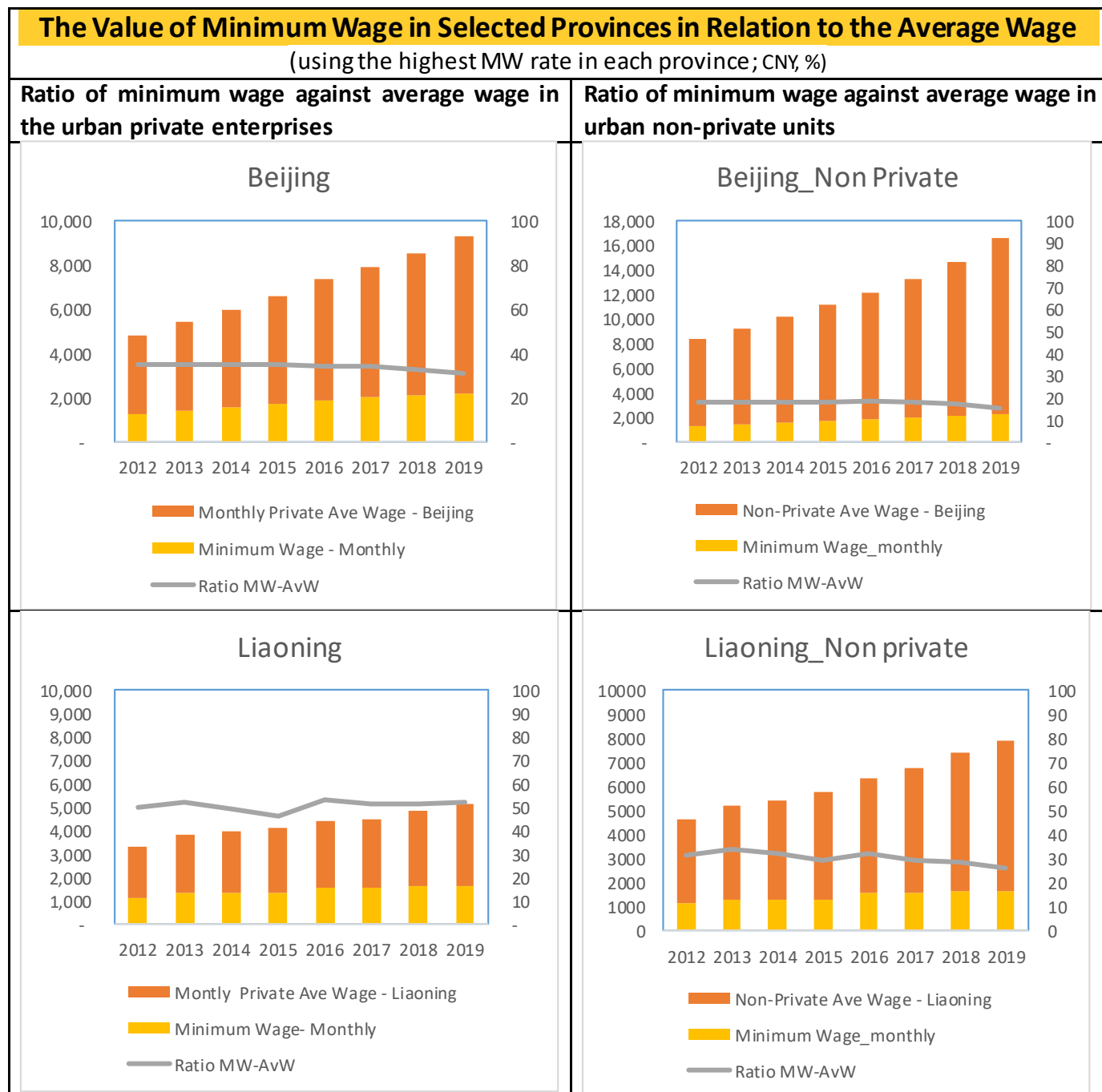
There are 8 graphs (on the left side) which compare the average wage and minimum wage over a period of 8 years, from 2012 to 2019, using “average wage in the urban private units”<sup>6</sup>, provided by the China Statistical Yearbook. They show that the relative value of minimum wage has continuously declined, reaching roughly 40 of the average wage by 2019. There are 8 graphs (on the right) that show comparison between minimum wage and the average wage in “urban non-private units” (which are mostly large corporations, including the state-owned units)<sup>7</sup> in the same provinces to examine the ratio

<sup>6</sup> “Urban Private Units/Enterprises” refer to the “private enterprises which have been registered at the departments of industrial and commercial administration for which the business operations are situated at a county town or at urban areas with administrative hierarchy higher than a county town.” Private enterprises refer to profit-making economic units invested and established by natural persons, or controlled by natural persons, using employed labour. Included in this category are private sole-proprietorship enterprise, private partnership enterprise, private limited liability companies, private limited-liability company by shares and individual sole-proprietorship enterprises”. Share of employment by “urban private enterprises” was **145,670,000** in 2019. [China Statistical Yearbook, 2020] This category does not refer to what is usually known as “private sector” – to obtain “private sector, it would be necessary also to include some of the categories of enterprises/units grouped under “urban non-private units”, such as, various types of corporations, including foreign invested enterprises.

<sup>7</sup> “Urban Non-private Units” include state-owned units (which employed 54,730,000 workers in 2019), urban collective-owned units, cooperative units, joint ownership units, limited liability corporations, share-holding corporations (Ltd.), units with funds from Hong Kong, Macao and Taiwan, and foreign funded units. Units funded by entities outside mainland China employed 23,600,000 workers in 2019. Total employed persons in “urban non-private units” in 2019 were **171,620,000** – with the largest share by “limited liability corporations” (66,080,000) [Table 4-3 China Statistical Year Book 2020]. In 2019, there were a total of 21,091,270 registered

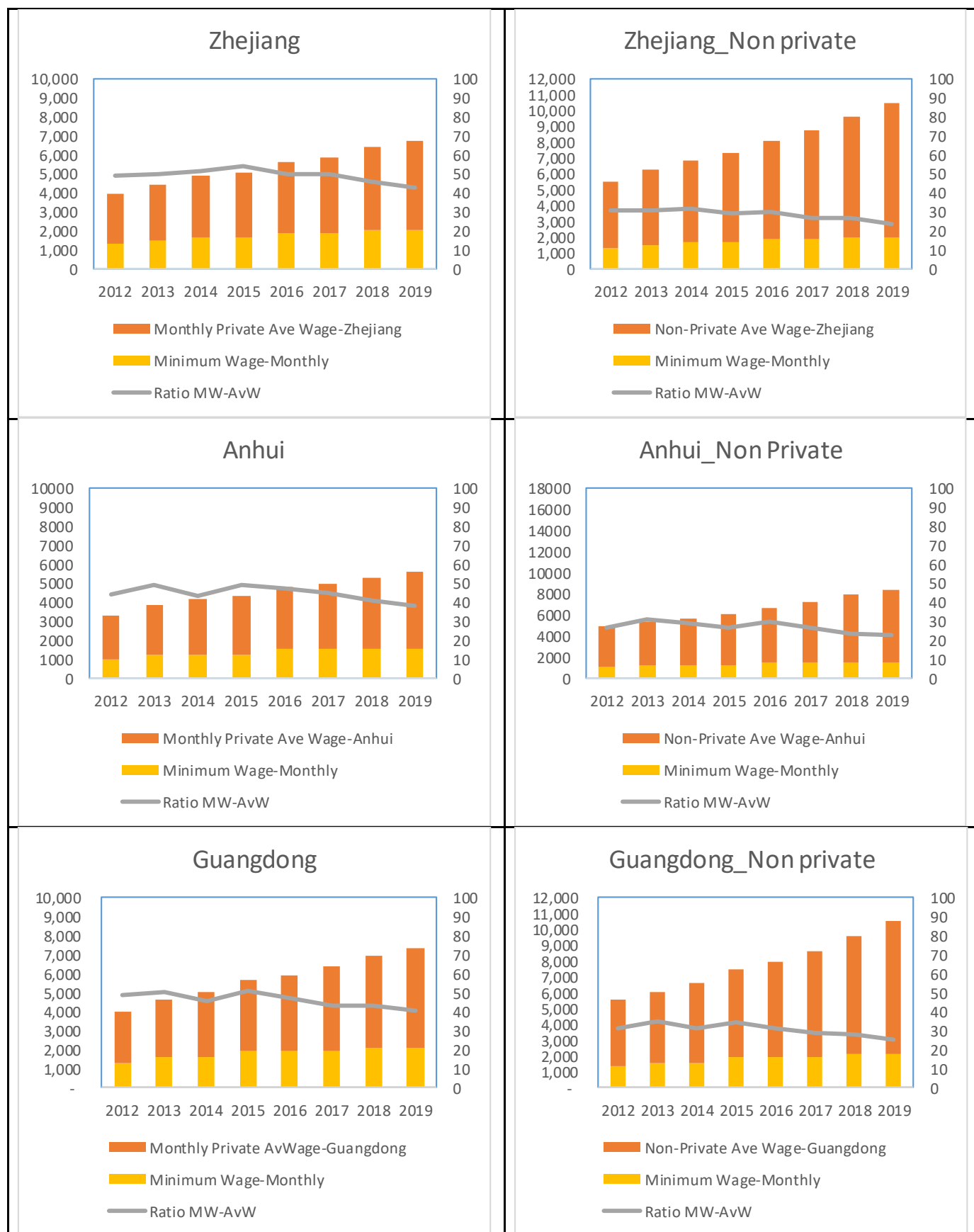


of minimum wage compared to the wage levels in the large corporations, which usually have considerably higher wages than the private enterprises. They show that relative value of minimum wage has declined continuously, and by 2019 it hovers around (in some cases falling below) 20% mark of the average wage in the “urban non-private units”. In the absence of wage structure/distribution data, a brief comparison of minimum wage levels with disposable income data is also presented below.<sup>8</sup>



“enterprises” across China, with 18,921,928 “private” enterprises. The rest are deemed to belong to the category of “urban non-private units”.

<sup>8</sup> Contributions by Kong Xiajuan and Prof. Yang Yumei made the following comparative examination possible.





Data for average wage (private enterprises and non-private units in the above 8 graphs) come from the China Statistical Yearbook (2013-2020). Average wage is obtained by dividing the total wage bill of employed persons by the number of the employed persons in the respective sectors. (Refer to the explanatory note provided in the China Statistical

Yearbook.) It is not based on aggregation of wage amount of individual workers.

The ratio of minimum wage to average (mean) wage can be a useful indicator for understanding the significance and value of minimum wage. However, as average wage is affected by extreme values, especially in countries where wage rates differ widely, it may not be the most effective indicator to appreciate the value of minimum wage. The ratio of minimum wage to median wage would be a better indicator of the value and significance of minimum wage. [ILO, Minimum Wage Policy Guide]

Nation-wide representative wage structure survey, which would provide data for obtaining “median wage” is not easily available or accessible in China. At the time of preparing this note, it was not possible to obtain data which could show the size of the workforce who benefits directly from the minimum wage.

In the absence of wage distribution data, a comparative table below is a “proxy” examination of the “value” of minimum wage in relation to income, making use of per capita “disposable income (可支配收入)”<sup>9</sup> data from the Annual Statistical Bulletin<sup>10</sup>, issued by the National Bureau of Statistics, focusing on:

- Comparison of minimum wage with (average) per capita “disposable income” in urban area
- Comparison of minimum wage with “median per capita disposable income” in urban areas
- Comparison of minimum wage with the “per capital monthly income of migrant workers”.
- Comparison is made for Beijing, Guangdong, Liaoning, and Henan.

Comparison of Minimum Wage with various income data – 2019 (%)				
	MW Beijing	MW Guangdong	MW Liaoning	MW Henan
(CNY)	<b>2,200</b>	<b>2,100</b>	<b>1,620</b>	<b>1,900</b>
MW compared to (average) per capita Disposable Income in urban area	62.3	59.5	45.9	53.8
MW compared to Median per capita Disposable Income in urban area	67.3	64.2	49.5	58.1
MW compared to Monthly Income of Migrant Workers (national average)	55.5	53.0	40.9	48.0
Comparing national average monthly income of migrant workers with Average wage of workers in urban non-private units	27.4	47.2	63.2	69.6
* Minimum wage for each province is the highest MW rate in force in 2019 * Income data have been converted to monthly income * Data source: Annual Statistical Bulletin, 2019 (中华人民共和国 2019 年国民经济和社会发展统计公报) (28 February 2020)				

- While the minimum wage rates, in general, stand at 40% and 20% of average wage in the “private” enterprises and “non-private units”, respectively, their value in relation to per capita

<sup>9</sup> “Per capita Disposable income” is the per capita disposable income calculated by household as a unit, that is: **per capita disposable income = (total household income - income tax paid - social security expenditure paid by individuals - Bookkeeping subsidies) / family population**. The family population would include elderly and children who do not source of income, which will lower the actual individual income level. Therefore, in comparing minimum wage and per capita disposable income in urban areas (in lieu of wage distribution data), the result is likely to show higher proportion of minimum wage relative to disposable income.

<sup>10</sup> [http://www.stats.gov.cn/tjsj/zxfb/202002/t20200228\\_1728913.html](http://www.stats.gov.cn/tjsj/zxfb/202002/t20200228_1728913.html)

“disposable income” in urban areas seems significantly high, both in comparison with mean and median income.

- The ratio of minimum wage in relation to the **nation-wide (inclusive of rural and urban population) per capital disposable income** would be expected to be considerably higher, given the widely acknowledge income disparity between urban and rural areas.
- Minimum wage stands, in general, at 40 to 50% of the national average monthly income of migrant workers.
- These figures and comparisons will need to be examined further in greater depth – using more appropriate data (for example, wage distribution data) – for a better understanding of the significance of minimum wage itself and the overall income and wage structure.

### Some examples of Province-level variations in the “definition” (constituted elements) of minimum wage

Practice regarding what constitute minimum wage – especially with regard to social insurance contribution	
Hunan	The minimum wage standard includes various social insurance premiums that should be paid by individual workers.
Beijing	The following items are not part of the minimum wage standard, and the employer is required to pay separately according to regulations: (1) Allowances for workers in special working environments and conditions such as mid-shift, night shift, high temperature, low temperature, underground, toxic and harmful conditions; (2) Overtime work and extra wages that workers deserve; (3) Various social insurance premiums and housing provident funds that should be paid by individual workers; (4) Other income that is not included in the minimum wage standard according to national and municipal regulations.
Guizhou	The monthly minimum wage standard includes basic pension insurance premiums, medical insurance premiums, unemployment insurance premiums and housing provident funds that should be paid by individual workers, and does not include overtime wages paid to workers, mid-shift, night shift, high temperature, low temperature, underground, Toxic and harmful allowances under special working environment and conditions, as well as the benefits of labourers stipulated by laws, regulations and the state
Hebei	The following items are not part of the minimum wage standard: (1) Extended working hours wages; (2) Allowances under special working environments and conditions such as mid-shift, night shift, high temperature, low temperature, underground, toxic and harmful conditions; (3) The welfare and treatment of workers stipulated by laws, regulations and the state.
Fujian	Minimum wage does not include the following items: the wage paid for overtime work; the statutory allowances for work in special working environments and conditions such as mid-shift, night shift, high temperature, low temperature, underground, poisonous and harmful; other statutory benefits that workers are entitled to.

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Anhui	Adopted new revised “Minimum Wage Regulation” (Province Government Order No. 272 – 2017), that came into effect on 1 February 2017. Under the new regulation, the following payment items by employer to the workers are not considered to be part of compliance with minimum wage requirements: wages for extended working hours; allowance for special working environments such as mid-shift, night shift, high temperature, low temperature, underground, toxic and harmful conditions; social insurance premiums and housing provident funds paid by employers and individual workers in accordance with the law; food, transportation, communication, training, and housing subsidies paid by employers to workers; one-time rewards paid by employers to workers ; Other welfare treatments provided by the employer to workers in accordance with state regulations.
Xinjiang	Xinjiang issues 2 sets of monthly minimum wage: one that incorporates contribution to the various social insurances, and another that excludes these contributions.