

ASEAN MINIMUM WAGE IS GOING UP

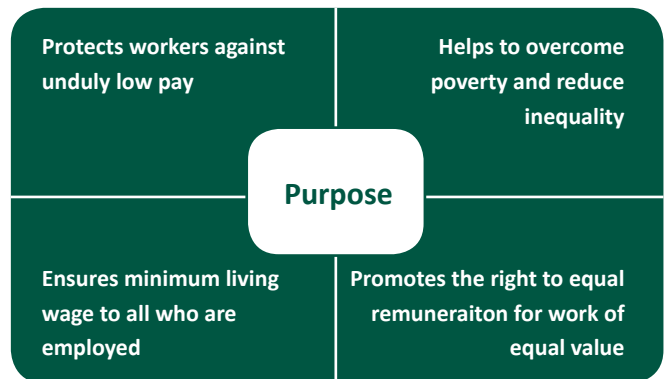
ASEAN

Minimum Wage Increases Across ASEAN

What is Minimum Wage

Minimum wage is also defined as the lowest remuneration that employers can legally pay their workers – this is also the “price floor” below which workers may not sell their labour.

By the end of the 20th century, most countries including ASEAN nations introduced minimum wage legislation.



MINIMUM WAGES IN ASEAN

To match the rising cost of living across ASEAN nations, minimum wages have been steadily increasing. Many ASEAN countries have been pushing for higher minimum wage levels and enacting new labour laws to protect their workers' rights.

Effective 2020, ASEAN countries that have recently implemented minimum wage increases :

- Indonesia
- Vietnam
- Malaysia
- Thailand

However, despite rising salaries, minimum wages across ASEAN continue to be lower than most developed nations and are often considered the lowest in Asia.

INDONESIA

Starting from 1 January 2020, minimum wages throughout Indonesia will increase. Companies are prohibited from paying their workers (including those hired less than one year) below the prescribed minimum wage :

Province	2019 Minimum Wage	2020 Minimum Wage
Aceh	2,916,000 Rupiah (US \$207)	3,165,000 Rupiah (US \$224)
North Sumatra	2,303,000 Rupiah (US \$163)	2,499,000 Rupiah (US \$177)
West Sumatra	2,289,000 Rupiah (US \$162)	2,484,000 Rupiah (US \$176)
Riau	2,662,000 Rupiah (US \$189)	2,888,000 Rupiah (US \$205)
Riau Islands	2,769,000 Rupiah (US \$196)	3,005,000 Rupiah (US \$213)
Jambi	2,423,000 Rupiah (US \$172)	2,630,000 Rupiah (US \$186)
South Sumatra	2,804,000 Rupiah (US \$199)	3,043,000 Rupiah (US \$216)
Bangka Belitung	2,976,000 Rupiah (US \$211)	3,230,000 Rupiah (US \$229)
Bengkulu	2,040,000 Rupiah (US \$144)	2,213,000 Rupiah (US \$157)
Lampung	2,240,000 Rupiah (US \$159)	2,431,000 Rupiah (US \$172)
Banten	2,267,000 Rupiah (US \$160)	2,460,000 Rupiah (US \$174)
DKI Jakarta	3,940,000 Rupiah (US \$279)	4,200,000 Rupiah (US \$298)
West Java	1,668,000 Rupiah (US \$118)	1,810,000 Rupiah (US \$128)
Central Java	1,605,000 Rupiah (US \$113)	1,742,000 Rupiah (US \$123)
Special Region of Yogyakarta	1,570,000 Rupiah (US \$111)	1,704,000 Rupiah (US \$120)
East Java	1,630,000 Rupiah (US \$115)	1,768,000 Rupiah (US \$125)
Bali	2,297,000 Rupiah (US \$163)	2,493,000 Rupiah (US \$177)
West Nusa Tenggara	2,012,000 Rupiah (US \$142)	2,183,000 Rupiah (US \$155)
East Nusa Tenggara	1,793,000 Rupiah (US \$127)	1,945,000 Rupiah (US \$138)
West Kalimantan	2,211,000 Rupiah (US \$157)	2,399,000 Rupiah (US \$170)
South Kalimantan	2,651,000 Rupiah (US \$188)	2,877,000 Rupiah (US \$204)
Central Kalimantan	2,663,000 Rupiah (US \$189)	2,903,000 Rupiah (US \$206)
East Kalimantan	2,747,000 Rupiah (US \$195)	2,981,000 Rupiah (US \$211)
North Kalimantan	2,765,000 Rupiah (US \$196)	3,000,000 Rupiah (US \$213)
Maluku	2,400,000 Rupiah (US \$170)	2,604,000 Rupiah (US \$184)
North Maluku	2,508,000 Rupiah (US \$178)	2,721,000 Rupiah (US \$193)
Gorontalo	2,350,000 Rupiah (US \$166)	2,586,000 Rupiah (US \$183)
North Sulawesi	3,051,000 Rupiah (US \$216)	3,310,000 Rupiah (US \$235)
Southeast Sulawesi	2,351,000 Rupiah (US \$166)	2,552,000 Rupiah (US \$181)
Central Sulawesi	2,123,000 Rupiah (US \$150)	2,303,000 Rupiah (US \$163)
South Sulawesi	2,860,000 Rupiah (US \$203)	3,103,000 Rupiah (US \$220)
West Sulawesi	2,369,000 Rupiah (US \$168)	2,571,000 Rupiah (US \$182)
Papua	3,240,000 Rupiah (US \$230)	3,516,000 Rupiah (US \$249)
West Papua	2,934,000 Rupiah (US \$208)	3,134,000 Rupiah (US \$222)

VIETNAM

(a) Effective January 2020, minimum salaries increases :

Region I	Region II	Region III	Region IV
Urban Hanoi and Ho Chi Minh City	Rural Hanoi and Ho Chi Minh City along Danang	Provincial cities and districts of Bac Ninh, Bac Giang, Hai Duong, Phu Tho, Vinh Phuc and other provincial cities not listed in Regions I and II	Remaining localities
VND 4,420,000 (USD190)	VND 3,920,000 (USD162)	VND 3,430,000 (USD148)	VND 3,070,000 (USD162)
*increase of 5.7% from VND 4,180,000	*increase of 5.7% from VND 3,710,000	*increase of 5.5% from VND 3,250,000	*increase of 5.1% from VND 2,920,000

Important notes

- Different minimum wage levels are set for the four regions to reflect the cost of living in each area.
- Salaries that are paid to employees who have had vocational training must be paid at least 7 percent higher than the minimum salary level.
- Businesses cannot reduce overtime, night shift or other hardship allowances that are provided to employees when applying the new minimum salaries as per the labor law.

(b) Capped Salary for Unemployment Insurance

Region I	Region II	Region III	Region IV
Urban Hanoi and Ho Chi Minh City	Rural Hanoi and Ho Chi Minh City along Danang	Provincial cities and districts of Bac Ninh, Bac Giang, Hai Duong, Phu Tho, Vinh Phuc and other provincial cities not listed in Regions I and II	Remaining localities
VND 88,400,000 (US\$3,800)	VND 78,400,000 (US\$3,380)	VND 68,600,000 (US\$2,950)	VND 61,400,000 (US\$2,645)
*increase from VND 83,600,000 (US\$3,600)	*increase from VND 74,200,000 (US\$3,200)	*increase from VND 65,000,000 (US\$2,800)	*increase from VND 54,400,000 (US\$2,344)

MALAYSIA

As part of the recent 2020 budget, minimum wages for employees in the country's 56 city and municipal council was increased and took effect on 1 February 2020 :

Within the 57 city and municipal council areas	Outside the 57 city and municipal council areas
<ul style="list-style-type: none"> • Minimum monthly wage will be RM1,200 • Minimum hourly wage will be RM5.77 • Daily minimum wage rates will depend on the number of days in a work week: <ul style="list-style-type: none"> - 6 working days = RM46.15 - 5 working days = RM55.38 - 4 working days = RM69.23 	<ul style="list-style-type: none"> • Minimum monthly wage will be RM1,100 • Minimum hourly wage will be RM5.29 • Daily minimum wage rates will depend on the number of days in a work week: <ul style="list-style-type: none"> - 6 working days = RM42.31 - 5 working days = RM50.77 - 4 working days = RM63.46

City councils:

Kuala Lumpur, Shah Alam, Petaling Jaya, Kuala Terengganu, Kuching Utara, Kuching Selatan, Miri, Kota Kinabalu, Seremban, Johor Bahru, Iskandar Puteri, Alor Setar, Melaka Bersejarah, Pulau Pinang, Seberang Perai, and Ipoh.

Municipal councils:

Sandakan, Tawau, Putrajaya, Batu Pahat, Kluang, Kulai, Muar, Segamat, Pasir Gudang, Kulim, Sungai Petani, Langkawi, Kubang Pasu, Kota Bharu, Alor Gajah, Jasin, Hang Tuah Jaya, Port Dickson, Jempol, Kuantan, Temerloh, Bentong, Manjung, Kuala Kangsar, Taiping, Teluk Intan, Kangar, Ampang Jaya, Kajang, Klang, Selayang, Subang Jaya, Sepang, Kemaman, Dungun, Padawan, Sibul, Kota Samarahan, Bintulu, and Labuan.

THAILAND

Starting 1 January 2020, daily minimum wages increased between THB313 (USD10) to THB336 (USD11) – an increase of about THB5 (USD0.17) to THB6 (USD0.20) from 2018.

Minimum wages in Thailand	
Daily minimum wage 2020	Provinces
313 baht (US \$10.36)	Narathiwat, Pattani, and Yala
315 baht (US \$10.45)	Uthai Thani, Trang, Tak, Sukhothai, Si Sa Ket, Sing Buri, Ranong, Satun, Ratchaburi, Phichit, Phrae, Nong Bua Lam Phu, Amnat Charoen, Chaiyaphum, Chiang Rai, Nakhon Si Thammarat, Maha Sarakham, Mae Hong Son, Lamphun, Lampang, Kamphaeng Phet, and Chumphon
320 baht (US \$10.59)	Ang Thong, Bung Kan, Buri Ram, Chai Nat, Kanchanaburi, Loei, Nakhon Phanom, Nakhon Sawan, Nan, Phattalung, Phayao, Phetchabun, Phetchaburi, Phitsanulok, Prachuap Khiri Khan, Roi Et, Sa Kaeo, Surin, Udon Thani, Uttaradit, and Yasothon
323 baht (US \$10.69)	Samut Songkhram, Sakon Nakhon, Mukdahan, Nakhon Nayok, Kalasin, and Chanthaburi
324 baht (US \$10.73)	Prachin Buri
325 baht (US \$10.76)	Chiang Mai, Ayuttha, Khon Kaen, Ubon Ratchathani, Trat, Surat Thani, Suphan Buri, Songkhla, Phangnga, Saraburi, Nong Khai, and Nakhon Ratchasima
330 baht (US \$10.93)	Chachoengsao
331 baht (US \$10.96)	Bangkok, Samut Sakhon, Samut Prakan, Nakhon Pathom, and Pathum Thani
335 baht (US \$11.09)	Rayong
336 baht (US \$11.12)	Phuket and Chonburi

CAMBODIA | LAOS | MYANMAR

Cambodia	Laos	Myanmar
<ul style="list-style-type: none"> Increased to USD190 per month for 2020 from USD182 in 2019. Guaranteed for workers in the textile and footwear manufacturing industry. 	<ul style="list-style-type: none"> Increase from KIP900,000 (US\$101) to KIP1.1 million (US\$124) a month. Yet to be implemented. 	<ul style="list-style-type: none"> Current daily minimum wage at 4,800 kyat (US\$3.29) for eight hours of work. Rate revised every two years. Discussions on new rate will begin May 2020.

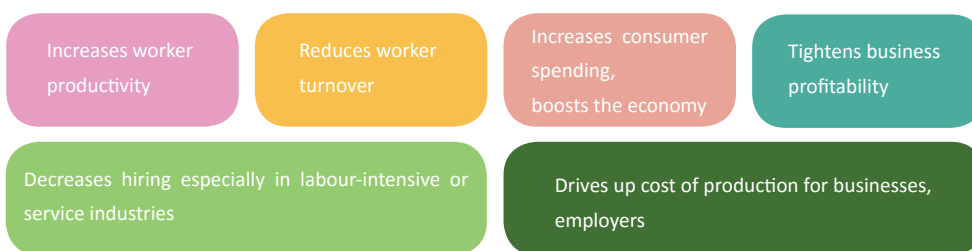
PHILIPPINES

Compared to neighbouring Indonesia and Vietnam, average minimum wage rates in the Philippines is among the highest in ASEAN.

Minimum wages in Philippines	
Region	Minimum wage rate
NCR(Caloocan, Las Pinas, Mandaluyong, Makati, Manila, Marikina, Malabon, Muntinlupa, Navotas, Paranaque, Pasay, Pasig, Quezon, San Juan, Valenzuela, Taguig)	P500 (US \$9.88) - P537 (US \$10.61)
CAR(Abra, Apayao, Benguet, Ifugao, Kalinga, Mountain Province)	P340 (US \$6.71) - P350 (US \$6.91)
I(Ilocos Norte, Ilocos Sur, La Union, Pangasinan)	P282 (US \$5.57) - P340 (US \$6.71)
II(Batanes, Cagayan, Isabela, Nueva Vizcaya, Quirino)	P320 (US \$6.32) - P360 (US \$8.30)
III(Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac, Zambales)	P304 (US \$6.00) - P360 (US \$8.30)
IV-A(Batangas, Cavite, Laguna, Quezon, Rizal)	P303 (US \$6.00) - P400 (US \$7.90)
IV-B(Marinduque, Occidental Mindoro, ORiental Mindoro, Palawan, Romblon)	P294 (US \$5.81) - P320 (US \$6.32)
V(Albay, Camarines Norte, Camarines Sur, Catanduanes, Mabate, Sorsogon)	P310 (US \$6.12)
VI (Aklan, Antique, Capiz, Guimaras, Iloilo, Negros Occidental)	P310 (US \$6.12) - P395 (US \$7.80)
VII(Bohol, Cebu, Negros Oriental, Siquijor)	P351 (US \$6.93) - P404 (US \$7.98)
VIII(Biliran, Leyte, Eastern Samar, Southern Leyte, Northern Samar, Western Samar)	P285 (US \$5.60) - P315 (US \$6.22)
IX(Zamboanga Del, Zamboanga Del Sur, Zamboanga Sibugay)	P303 (US \$6.00) - P316 (US \$6.22)
X(Bukidnon, Camiguin, Lanao Del Norte, Misamis Oriental, Misamis Occidental)	P331 (US \$6.54) - P365 (US \$7.21)
XI(Compostela Valley, Davao Del Norte, Davao Del Sur, Davao Oriental)	P381 (US \$7.53) - P396 (US \$7.82)
XII(North Cotabato, Sarangani, South Cotabato, Sultan Kudarat)	P290 (US \$5.73) - P311 (US \$6.14)
XIII(Agusan Del Norte, Agusan Del Sur, Surigao Del Sur, Dinagat Island, Sirgao Del Norte)	P320 (US \$6.32)
ARMM(Basilan, Tawi-Tawi, Lanao Del Sur, Sulu, Maguindanao)	P290 (US \$5.73) - P325 (US \$6.42)

CONCLUSION

(a) Impact on the Business



(b) What Should Employers Do Now?

- In countries where the geographical locations have been segmented into different zones (eg: Malaysia, Indonesia, Thailand, Vietnam), employers should check which zone / region they belong to, in order to establish the applicable rates.
- Ensure you prepare your budgets, new costs, and the capacity of your operation that takes such costs and factors into consideration
- In some industries, eg: Hospitality, Retail or F&B where businesses are heavily reliant on labour, employers may also need to start offering additional benefits to attract and retain employees. These include flexible or more predictable work schedules, time off and other benefits.

Source:

[American Express Trends & Insights – Minimum Wages](#)

[Asean Briefing by Dezan Shira & Associates](#)

[Employment Law Malaysia – New Minimum Wage Takes Effect 2020 by Lexology](#)

[Vietnam Briefing by Dezan Shira & Associates](#)

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