Global Wage Report 2014/15 | Asia and the Pacific Supplement

Wages in Asia and the Pacific: Dynamic but uneven progress

Over the past two years, wage growth in Asia and the Pacific continued to outperform most of the world. As the ILO's Global Wage Report 2014/15 shows, wages in Asia and the Pacific have risen almost two-and-a-half fold since the beginning of the century. For the region's 706 million wage workers and their families, these substantial wage gains have helped to translate economic dynamism into higher incomes and living standards – although inequality remains a concern and the benefits have not been shared as widely as would have been possible.[1]

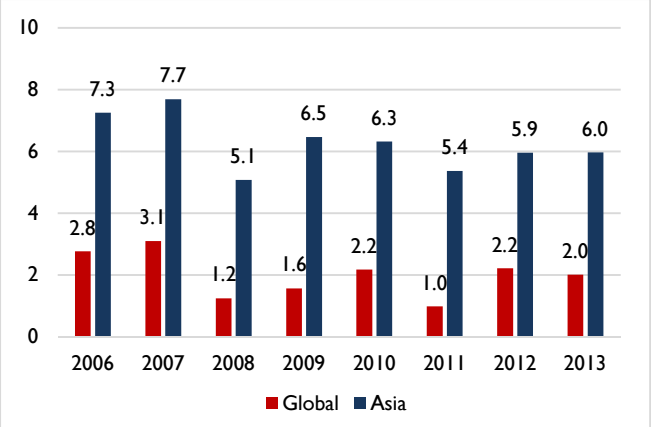
This supplement to the ILO's Global Wage Report 2014/15 summarizes the main wage developments in Asia and the Pacific.[2] Firstly, it discusses how the region compares to the global picture and goes into the role that wage employment plays for women and men across Asia and the Pacific. Secondly, trends are presented in greater detail for each of the three subregions, namely East Asia, South-East Asia and the Pacific, and South Asia. Thirdly, the main messages are summarized and some policy conclusions are drawn.

Wage growth in Asia-Pacific leads the way

As one of the world's most dynamic regions, Asia and the Pacific has consistently outperformed much of the rest of the world in terms of real wage growth in recent years.[3] In the developing and emerging economies of the region, real wages grew 6.0 per cent in 2013 and 5.9 per cent in 2012, in line with previous years.[4] This is significantly above the global average (see Figure 1). It also sets Asia and the Pacific apart from developed economies where real wages have stagnated since the global economic crisis of 2008/09.[5] In Japan, for example, real wages retreated by 0.8 per cent in 2013.

Despite these overall positive developments, the picture is nuanced. First, wages and incomes in many countries across Asia and the Pacific remain much lower than in developed economies. Although there has been a rapid catch-up over the past decade, one third of the region's workers remain unable to lift themselves and their families above the international poverty threshold of two dollars per day in purchasing power parity (PPP$).[6] Second, Asia-Pacific's dynamic performance is largely driven by China, the region's largest economy; wage growth elsewhere has been much more modest. And third, rising inequality and relatively weak wage-setting institutions in many countries mean that the benefits of growth have often not been spread as widely as would have been feasible.[7]

Figure 1. Growth of average real wages in Asia-Pacific and the world, 2006-13 (per cent)



Source: ILO: Global Wage Database 2014/15, based on national statistics.

Further, the impact of the global economic crisis can also be felt in Asia and the Pacific. The current growth trend of roughly 6 per cent falls short of the pre-crisis years of 2006 and 2007, when growth rates where above 7 per cent.

[1] This supplement was written by Malte Luebker, with contributions from Fernanda Bárcia de Mattos, Sukti Dasgupta, Phu Huynh, Kristen Sobeck and Cuntao Xia. Patrick Belser and John Ritchotte were peer reviewers; helpful comments were also received from Uma Rani Amara, Anne Boyd, Suneetha Eluri, Sophy Fisher, Tite Habiyakare, Coen Kompier, David Lamotte, Tim de Meyer, Wolfgang Schiefer, Reiko Tsushima and Sher Verick.

[2] See ILO: *Global Wage Report 2014/15: Wages and income inequality* (Geneva, 2014).

[3] The only exceptions are Eastern Europe and Central Asia, where wages have grown strongly since the turn of the century. However, this largely reflects the catastrophic collapse of workers' purchasing power during the transformation on the 1990s.

[4] The regional wage growth estimate is based on real average wage growth calculated from national statistical sources. It is a weighted average based on the relative size of a country's wage bill (i.e. the sum of all employees' wages) in the region or subregion. To the extent possible, wage data refer to the broadest coverage of employees and sectors. Where unavailable, sectoral data or a subsample of employees is used. Attempts were made to validate wage data from national statistical offices. See ILO: *Global Wage Report 2012/13* (Geneva, 2012), Appendix 1.

[5] For country groupings see ILO: *Global Wage Report 2014/15*, Appendix I.

[6] See ILO: *Key Indicators of the Labour Market*, eight edition, 2013, Table R9.

[7] For an in-depth discussion of the role of wages for income inequality, see ILO: *Global Wage Report 2014/15*, op. cit., Part II.

In particular, wage growth in South-East Asia and the Pacific was subdued in the immediate post-crisis years and only gained momentum over the past two years. These wage gains will help to strengthen domestic demand and to lessen dependence on exports as a source of growth.

Table 1. Cumulative real wage growth in Asia and the Pacific and the world, 1999-2013 (Index, 1999 = 100)

	2005	2010	2011	2012	2013
World	113.0	125.8	127.0	129.8	132.4
Developed economies	103.3	106.5	106.0	106.0	106.3
Asia	149.8	205.7	216.7	229.6	243.3
East Asia	165.2	245.4	261.6	281.7	301.8
South-East Asia & the Pacific	124.8	136.6	139.9	145.1	152.8
South Asia	114.4	147.9	152.8	155.1	158.8

Source: ILO: Global Wage Database 2014/15, based on national statistics.

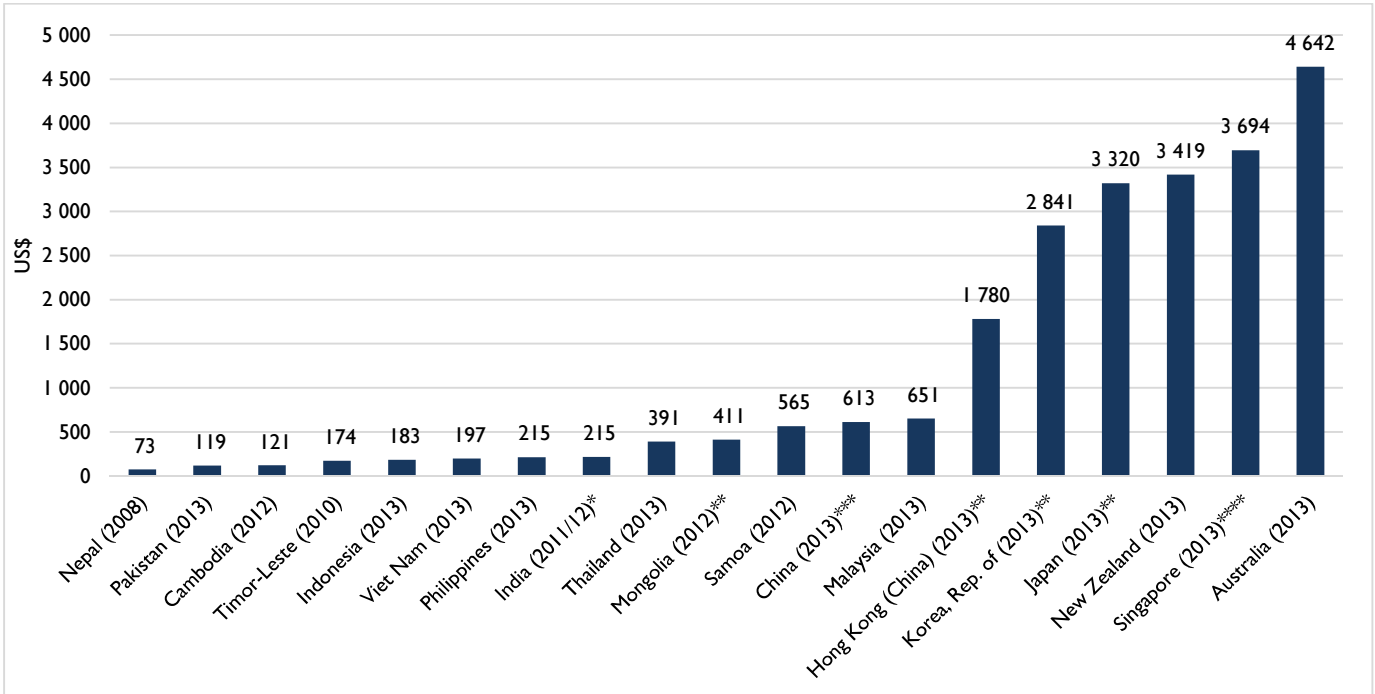
In the long run, the sustained wage growth since the turn of the century means that real wages across Asia and the Pacific are now 2.4 times as high as in 1999 (see Table 1). This compares favourably to a global increase of one third and a modest cumulative growth of 6.3 per cent in developed economies. However, gains have been distributed unevenly within the region. Due to China's rapid growth, real wages have tripled in East Asia since the beginning of the century. By contrast, the average earnings of wage workers in South-East Asia and the Pacific and in South Asia have grown by little more than half.

Major inequalities persist between countries

Despite the recent growth, workers in many countries across Asia and the Pacific still earn extremely low wages. Unfortunately, due to differences in definitions and coverage, comparing average wages across countries is not always straightforward. Figure 2 presents information on wage levels for countries with broadly comparable data, generally compiled from comprehensive Labour Force Surveys.[8]

At the lower end, wage workers in Nepal earned US$73 per month in 2008, followed by US$119 in Pakistan (2013) and US$121 in Cambodia (2012). Due to the low wage levels, the latter two countries are also among those with the highest incidence of working poverty world-wide.[9] Wages are higher for regular employees in India and workers in countries such as Indonesia, Viet Nam and Thailand (see Figure 2). Upper-middle-income countries such as China (US$613) and Malaysia (US$651) had substantially higher wages in 2013, although they still fell short of those in high-income economies where monthly average wages ranged from US$1,780 in Hong Kong (China) to US$4,642 in Australia.

Figure 2. Average monthly wages countries from Asia and the Pacific with broadly comparable data, 2013 or latest available year (US$)



* Average daily wage or salary earnings of regular wage and salaried employees aged 15 to 59 years, multiplied by 313/12. The exchange rate is from the Statistical Yearbook, India 2014.
** Based on an establishment survey with broad coverage; Hong Kong (China) and Japan refer to full-time employees.
*** Based on establishment surveys; calculated as employment-weighted average of urban units and private enterprises (see Box 2).
**** Based on administrative records from the Central Provident Fund Board.
Source: ILO: Global Wage Database 2014/15, based on national statistics.

[8] This is a subset of countries included in the Global Wage Database, which also includes other wage indicators (such as wage indices or wages in a particular sector) as a proxy for wage growth in the respective economy.

[9] See ILO: *Global Wage Report 2012/13*, op. cit., p. 40. No data on working poverty among wage workers are available for Nepal.

Box 1: Wages and working conditions in Asia's garment sector

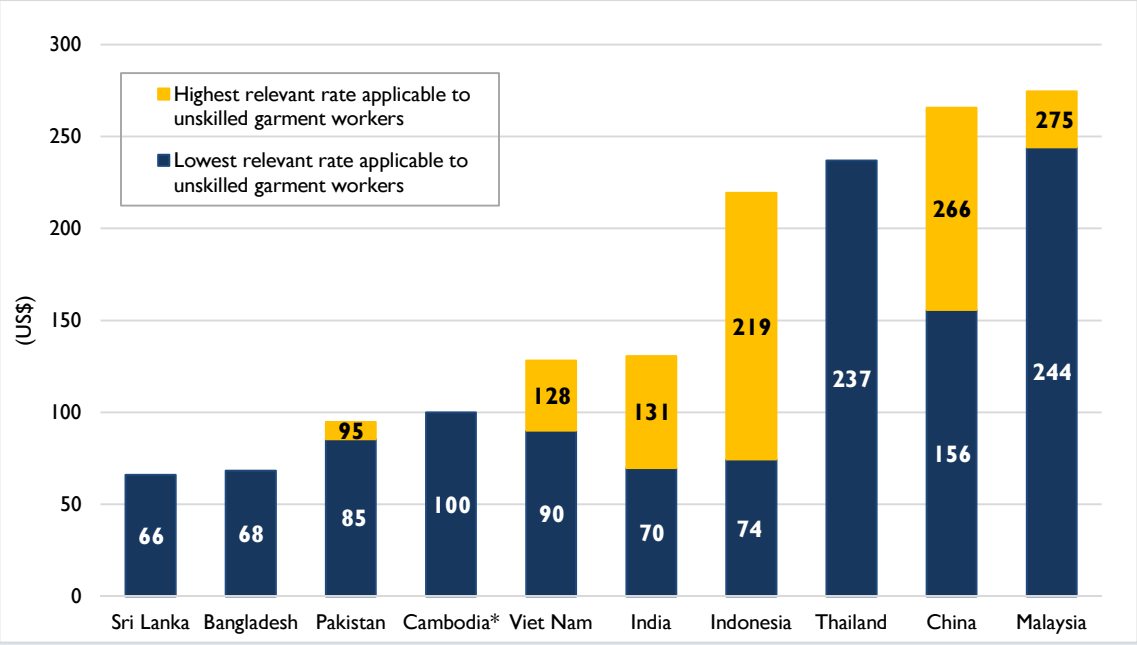
Asia's garment and textile industry is undergoing considerable change. Economic and demographic transitions in China and the rise of an affluent consumer class in emerging markets have implications for competitiveness. New opportunities are emerging for lower-income countries of the region. However, successfully attracting international buyers and expanding export markets will depend on policy choices. Historically, the industry relied on low wages and minimum standards in working conditions, but low labour costs are not the only factor that drives sourcing decisions. Global garment buyers increasingly prioritize productivity and reliability of supply – and they are adverse to the reputational risks of poor working conditions.

Recent developments in both Bangladesh and Cambodia help illustrate these dynamics. In April 2013, the collapse of Rana Plaza caused 1,135 fatalities in the outskirts of Dhaka. The event prompted the local and international communities to take immediate action towards improved workplace safety for Bangladesh's more than 4 million garment workers through the Bangladesh Accord. In Cambodia, protests for higher wages in early 2014 sparked violence. In response, the country's Labour Advisory Committee – which makes recommendations on minimum wage adjustments – is working towards stronger minimum wage setting mechanisms with annual reviews based on tripartite dialogue and statistical evidence.

These events have helped bring social responsibility and legal compliance to the forefront of sourcing decisions of international buyers. Consumers and multinational apparel brands are demanding transformative change in the way the industry operates. This requires improving wages and working conditions throughout the region. The monthly minimum wage for unskilled garment workers, for example, is less than US$70 in Sri Lanka and Bangladesh (see Figure B1-1). In Cambodia, Pakistan and Viet Nam, the rates range from US$85 to US$128, much less than the lowest relevant minimum wage in China (US$156).

Moreover, garment production throughout Asia is characterized by long working hours rather than workplace efficiencies. In Cambodia, Lao People's Democratic Republic, Pakistan and Viet Nam, around one-half of wage employees in the industry work more than 48 hours per week. Due to the low base wage, workers often depend on excessive overtime to supplement their earnings. However, excessive overtime often has a cost in terms of workers' health and safety; it can also discourage the adoption of more productive work methods. Ultimately, decent wages, better working conditions and continued productivity enhancements are the only way to secure the sustained growth of Asia's apparel industry.

Figure B1-1. Monthly minimum wages applicable to the garment sector in Asia's ten biggest garment exporters, as of 1 Jan. 2014 (US$)



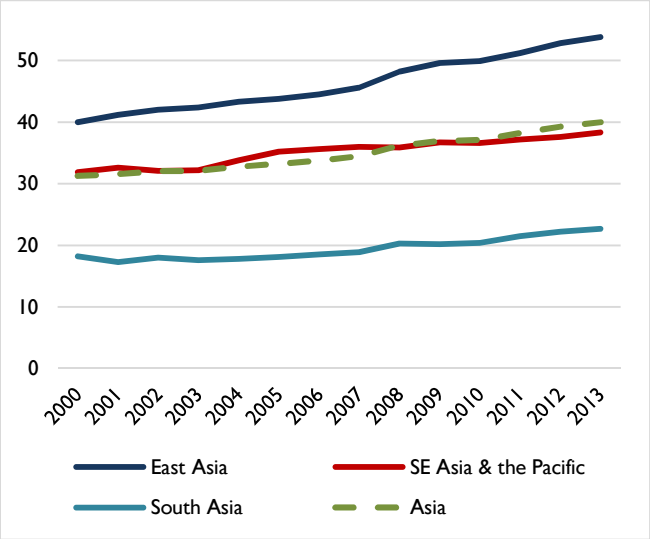
* Cambodia figure became effective as of 1 February 2014.
Note: Rates refer to the highest and lowest rate applicable to unskilled garment workers. In countries with geographical variation of minimum wages, rates for the major garment manufacturing.

Source: ILO: *Wages in Asia's garment sector: Finding new drivers of competitiveness* (Bangkok, forthcoming).

Wage employment rises throughout Asia and the Pacific

In addition to wage gains in many countries of Asia and the Pacific, the number of workers who receive wages – and hence benefit from rising wages – has grown considerably. One force behind this trend is stronger trade links between the region and the rest of the world and the rapid structural transformation from agriculture into higher value-added industry and services. This has transformed labour markets in many countries of the region, as workers are increasingly moving out of self-employment (own-account or contributing family workers), and are taking up salaried jobs, where earnings and working conditions are often – though not always – better. An example for wage jobs where working conditions and health and safety standards remain a concern is the garment sector (see Box 1).

Figure 3. Trends in wage employment in Asia and the Pacific, 2000-13 (per cent of total employment)



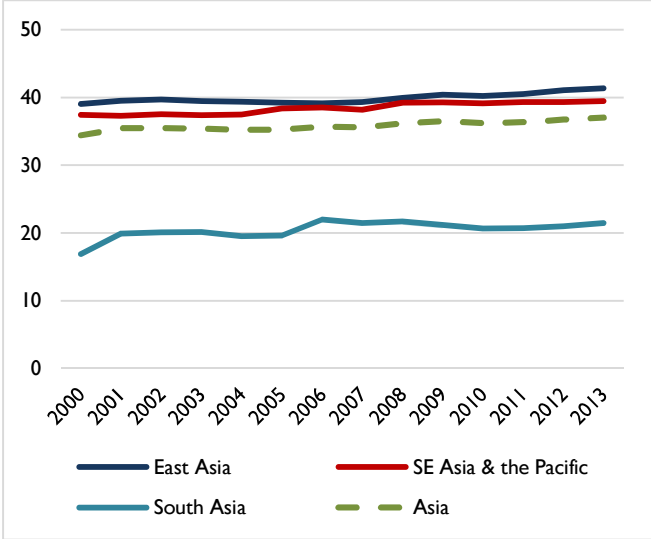
Source: ILO: Key Indicators of the Labour Market, 8th edition, 2013, Table R3.

As of 2013, Asia and the Pacific was home to some 706 million wage workers, accounting for 40.0 per cent of total employment (Figure 3). This compares to only 469 million wage workers in 2000, then equivalent to 31.3 per cent of all workers. The growth of wage employment has been particularly strong in East Asia, where their share rose from 40.0 per cent to 53.8 per cent of employment over the same period. Sizeable gains in wage employment were also seen in South-East Asia and the Pacific, from 31.9 per cent to 38.3 per cent. In South Asia, wage employment still accounts for only 22.7 per cent of all jobs, a modest improvement over the 18.2 per cent recorded in 2000.[10]

Women are less likely to hold wage jobs than men and are paid less

Historically, status in employment has had a strong gender dimension, with women more likely to be in vulnerable employment (i.e. own-account workers or contributing family workers). Since wage jobs often offer better working conditions and greater income security than self-employment (which is often in the informal economy), access to paid employment is seen as an important indicator for gender equality in the labour market.[11] As Figure 4 shows, men and women have very uneven access to wage employment. Across Asia and the Pacific, women only hold 37.0 per cent of all wage jobs – and men 63.0 per cent. Progress to gender parity has been slow; the current rate is only a slight improvement over women's share in wage employment of 35.4 per cent in 2000.

Figure 4. Share of women among wage and salaried workers, 2000-13 (per cent of all wage and salaried workers)



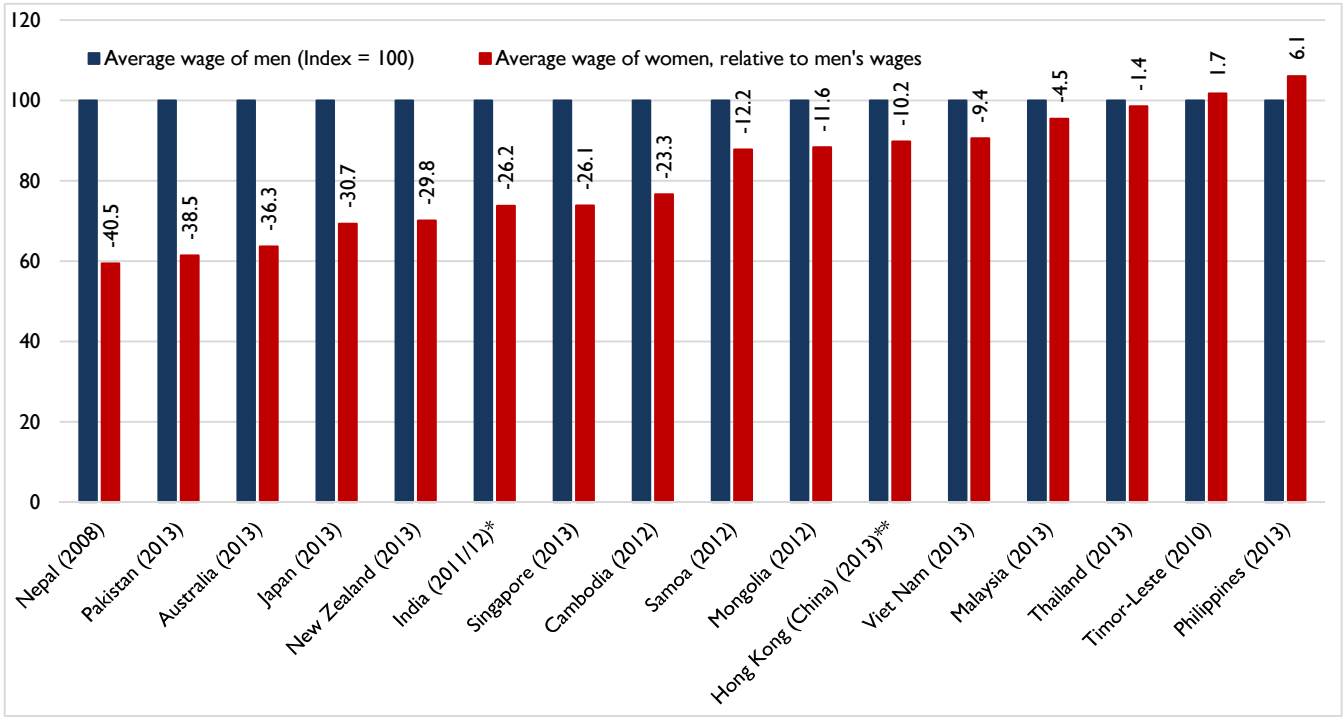
Source: ILO: Key Indicators of the Labour Market, 8th edition, 2013, Table R3.

The large discrepancy is due to two factors. First, women are less likely to enter the labour market than men. Second, when women become economically active, they are more likely to be in self-employment than men and are often excluded from access to wage jobs. Gender inequality is particularly pronounced in South Asia, where women still hold only 21.5 per cent of all wage jobs, although this is a slow improvement over the past decade. In East Asia, women account for 41.4 per cent of all wage jobs, and in South-East Asia and the Pacific their share is now 39.5 per cent. In both subregions, women's access to wage employment has expanded slightly faster than that for men.

[10] Note, however, that the KILM estimates for wage earners in India exclude casual wage earners. This introduces a downward bias to the estimate for South Asia.

[11] See, for example, Millennium Development Goal 3 "Promote gender equality and empower women" and the indicator 3.2 "Share of women in wage employment in the non-agricultural sector".

Figure 5. Gender wage gaps in Asia and the Pacific, 2013 or latest available year (in per cent)



* Based on average daily wage or salary earnings received by regular wage and salaried employees (activity status codes: 31, 71, 72) of age 15 to 59 years, multiplied by 313/12.
** Based on an establishment survey with broad coverage; refers to full-time employees.
Note: The figures give theunadjusted gender wage gap, which is defined as women's shortfall in wages, expressed as per cent of men's average wage.
Source: ILO: Global Wage Database 2014/15, based on national statistics.

For those women who are able to find wage employment, a major concern is that they often receive less pay than their male counterparts. The unadjusted gender pay gap, or the shortfall of women's monthly earnings compared to men's, is particularly wide in Nepal and Pakistan, where women earn 40.5 per cent and 38.5 per cent less than men (see Figure 5). Likewise, women's monthly average wages fall behind those of men in Australia (-36.3 per cent), Japan (-30.7 per cent) and New Zealand (-29.8 per cent). This gap is partly the result of differences in the number of hours worked. Across developed economies, women are more likely to work part-time (often due to child-care duties), with negative effects on their monthly take-home pay. However, the gender pay gap also reflects disparities in wage rates. These can in part be explained by differences in observable characteristics like education or experience, and partly reflect discrimination in the labour market.[12] Smaller gender pay gaps are found in Viet Nam (-9.4 per cent), Malaysia (-4.5 per cent) and Thailand (-1.4 per cent). The data suggest that women earn marginally more than men in Timor-Leste (+1.7 per cent) and the Philippines (+6.1 per cent).

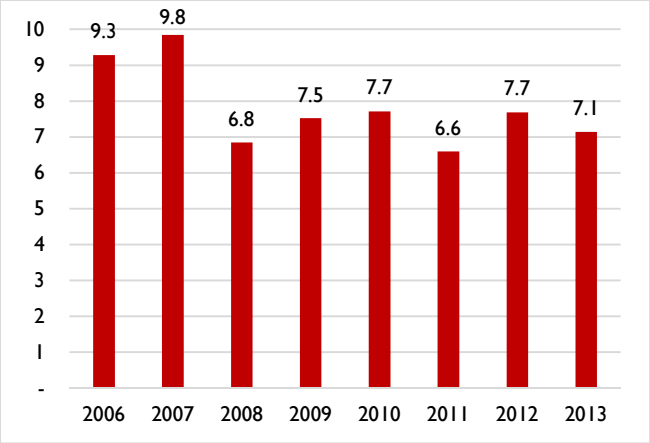
Occupational segregation is another force behind gender pay gaps since many women are in lower-paid occupations. For instance, one in 13 female wage workers in Asia and the Pacific is a domestic worker – an occupation where hours are typically long and wages generally low.[13] The Domestic Workers Convention, 2011 (No. 189), therefore recommends that they should enjoy minimum wage coverage. More than half of the world's domestic workers are already included under national of sectoral minimum wages, although sometimes at a lower rate than that applicable to other workers. In Asia and the Pacific, the share is much lower. Here, only about 12 per cent of domestic workers have the right to a minimum wage – those in Hong Kong (China), the Philippines and several Indian states, namely Andhra Pradesh, Bihar, Jharkhand, Karnataka, Kerala, Odisha and Rajasthan.[14]

East Asia: Substantial wage growth, driven by China

By far the strongest wage growth can be seen in East Asia, where average real wages grew by 7.7 per cent (2012) and 7.1 per cent (2013) over the past two years (see Figure 6). This is in line with growth rates of roughly 7 per cent in the years since 2008, but falls short of the annual growth rates in excess of 9 per cent before the crisis. As in the past, China is the main engine behind the strong performance of East Asia – its sheer size gives the country a big influence on regional and global estimates.

[12] For a details, see ILO: *Global Wage Report 2014/15*, op. cit., Chapter 10.
[13] See ILO: *Domestic workers across the world* (Geneva, 2013).
[14] These states have already set minimum wage rates for domestic workers. In addition, Assam, Haryana, Manipur and Tamil Nadu have included domestic work in scheduled employments under Minimum Wages Act of 1948, but still have to set the rates. Several other states (Maharashtra, Himachal Pradesh and Madhya Pradesh) have indicated that they will include in the schedule and fix rates.

Figure 6. Average real wage growth in East Asia, 2006-13 (per cent)



Source: ILO: Global Wage Database 2014/15, based on national statistics.

While workers in China enjoyed double-digit wage growth until 2009, the pace has slowed with the cooling of the Chinese economy over the past two years. Average real wages in state-owned enterprises and other so-called urban units grew 7.3 per cent in 2013, down from 9.0 per cent in 2012. Wages of workers in private enterprises – where wages are still considerably lower – grew 10.9 per cent in 2013, compared to 14.0 per cent in 2012 (see Box 2).

The rapid growth of wages in China has led some observers to declare "the end of cheap labour", while others have argued that wage growth has gone too far – and that wages in China have become 'too high'. The fear is that high wages undermine the country's competitive edge in labour-intensive sectors such as garments. China's wages are now higher than those in Bangladesh, Cambodia and other major apparel-exporters (see also Box 1).

However, the rapid transformation of China's economy means that a comparison to Asia's least developed countries is no longer appropriate. Whereas China used to have a large 'labour surplus' in the rural areas, urban enterprises increasingly compete to attract rural migrant workers. Due to underinvestment in education in rural areas, labour shortages exist in particular for workers that meet the skill profile required by enterprises, driving up wages.

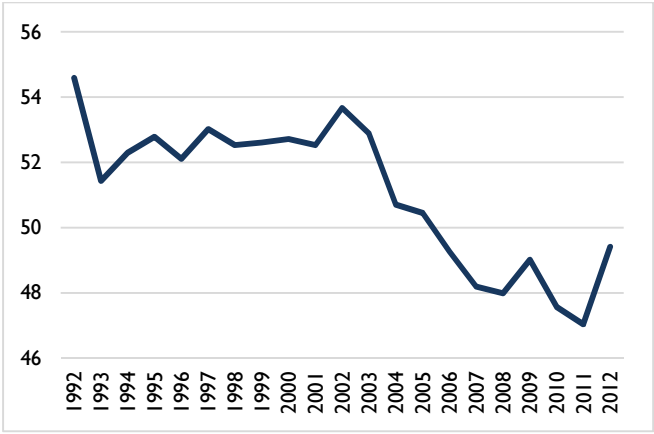
Moreover, the question whether wages are "too high" cannot be answered in isolation. Japan or the Republic of Korea have much higher wages than China (see Figure 2) and compete successfully in the global economy, having moved beyond the early stage of industrialization where garments played a greater role than they do today.

The most common yardstick to assess a country's cost-competitiveness is its real unit labour costs (ULC), which puts wages in relation to labour productivity.[15] This indicator is computed as total compensation of employees as a share of total value added, or GDP. Another way to look at the same statistic is to think about it as the share of labour compensation in national income, and hence the indicator is also known as the labour share.[16]

Economic orthodoxy holds that wages grow roughly in line with labour productivity, and that the labour share is thus stable over time.[17] In fact, this was the case in China from the early 1990s up to 2003, when the labour share fluctuated around 52 and 53 per cent (see Figure 7). However, since then it has fallen considerably and reached a low of 47.0 per cent in 2011. According to newly released data, the labour share has recovered to 49.4 per cent in 2012.[18]

Despite the recent uptick, in relation to productivity, Chinese labour costs are still far below their level of the 1990s and early 2000s. China can now compete based on high productivity, rather than low wages. This also means that the country's comparative advantage is shifting towards sectors with high value added (such as telecommunications equipment or car manufacturing), and away from labour-intensive industries such as garments. The country therefore follows the development path of other newly-industrialized nations across Asia.

Figure 7. Labour share or real unit labour costs in China, 1992-2012 (revised SNA series)



Source: ILO estimates based on NBS online data-base (accessed 21 Jan. 2013) and China Statistical Yearbook 2012 and 2013 (Table 2-30) and 2014 (Table 3-26).

For Chinese workers, the fall in the labour share means that wage growth has trailed labour productivity growth and that their share in the expanding economy has dwindled. This is a justified concern for policy-makers, given that wage

[15] Apart from wages, compensation of employees also includes employers' social contributions. For a more detailed explanation, see ILO: *Global Wage Report 2012/13*, op. cit., Appendix II.

[16] See ILO: *Global Wage Report 2014/15*, op. cit., Part I.

[17] However, this has been put into question by a multitude of empirical studies which document the decline in the labour share in developed and emerging and developing economies (ILO: *Global Wage Report 2012/13*, op. cit., Part II).

[18] Data for 2012 of the 'Flow of Funds Accounts (Physical Transaction)' on which the series is based became available only after the ILO: *Global Wage Report 2014/15*, op. cit., went to print.

Box 2: The rising importance of private enterprises for China's wage statistics

One part of the ILO's work on wages is to collect and disseminate information on wage trends in different parts of the world. In many countries, several sources for wage data are available. For the ILO's Global Wage Database, on which both the Global Wage Report and this supplement are based, this means making a choice on which data series to rely. The general principle followed by those who build the database is to select – usually in consultation with national statistical offices – the data source that is most representative in terms of coverage.

For China, this choice was straightforward in the past. As recently as 2000, more than 90 per cent of total urban employment was captured by the wage series for so-called urban units, which covers state-owned and collective-owned enterprises and those in the category 'others'. The latter includes a variety of ownership forms, such as cooperatives, limited liability corporations, foreign-funded units and joint ventures. However, employment in domestically-funded private enterprises (which are not covered under urban units) has grown from less than 10 per cent of total urban wage employment, in 2000, to one third, in 2012 (see Table B2-1 below).

This means that private enterprises can no longer be ignored, especially since there are big differences to the urban units. First, at 4,290 yuan renminbi (CNY) (US$692) in 2013, the monthly average wage is 57 per cent higher in state-owned enterprises and other urban units than in private enterprises (CNY2,726 or US$440). Second, this large gap has narrowed as wages in the private enterprises have grown by 10.9 per cent in 2013, by far exceeding growth in urban units (7.3 per cent).

Given these dynamics, one can no longer assume that wage data for urban units are a fully representative indicator for wage trends in the entire urban economy of China.[1] To fill the data gap, the Chinese National Bureau of Statistics (NBS) started to publish a second series for wages in private enterprises. This enables researchers to combine the two series and to estimate the average urban wage, using the respective share in employment as a weight (see Table B2-1 below).

Table B2-1. Employment and wages in urban units and private enterprises in China, 2000-13

	2000	2005	2008	2009	2010	2011	2012	2013
Urban employment								
Employment in urban units and private enterprises (million, year-end)	128.8	148.6	173.2	181.2	191.2	213.3	227.9	263.1
Share of urban units (%)	90.2	76.7	70.4	69.4	68.3	67.6	66.8	68.7
Share of private enterprises (%)	9.8	23.3	29.6	30.6	31.7	32.4	33.2	31.3
Monthly average wages								
Urban units (CNY)	778	1 517	2 408	2 687	3 045	3 483	3 897	4 290
Private enterprises (CNY)	..	..	1 423	1 517	1 730	2 046	2 396	2 726
Urban units and private enterprises* (CNY)	..	..	2 117	2 329	2 627	3 018	3 400	3 800
Real wage growth**								
Urban units (%)	11.3	12.5	10.7	12.6	9.8	8.6	9.0	7.3
Private enterprises (%)	..	..	..	7.6	10.5	12.3	14.0	10.9
Urban units and private enterprises (%)	..	..	..	11.0	9.3	9.1	9.7	9.0

* ILO estimate, based on average wages in both types of enterprises and their share in total urban employment.
** Growth of real average wages, i.e. nominal wages deflated with the CPI for urban households.
Source: China National Bureau of Statistics (NBS) and ILO estimates based on NBS data.

The new estimates for all urban employees confirm that wages have been growing strongly in China's urban areas, with an average growth rate of 9.6 per cent over the past five years. This is very close to the trend observed in the series for urban units, where wages grew at an annual rate of 9.5 per cent over the same period. This result appears counter-intuitive at first sight. After all, including the data for the fast-growing wages in private enterprises (with an average growth rate of 11.1 per cent) should lead to higher overall wage growth. However, the shift of employment from the high-wage urban units towards private enterprises, which still pay substantially lower, works in the opposite direction and moderates overall wage growth. Overall, these two opposite forces partially cancel each other out.

[1] Data for urban units were used with a caveat regarding their coverage in ILO: *Global Wage Report 2012/13*, op. cit. The latest edition draws on both sources.

incomes often directly translate into consumption demand – a source of growth that China has to capture given over-investment and the weakness of the global economy, which limits further growth of exports.

In contrast to the mainland, wages in Hong Kong (China) fell 0.2 per cent in 2013, following modest growth of 0.4 per cent in the previous year. Likewise, wage growth in Macau's (China) hotel and restaurant sector, which is now the city's single largest employer, has been lacklustre over the past few years. A similar picture is found in Taiwan (China), where wages fell 1.7 per cent (2012) and 0.6 per cent (2013) after adjusting for inflation.

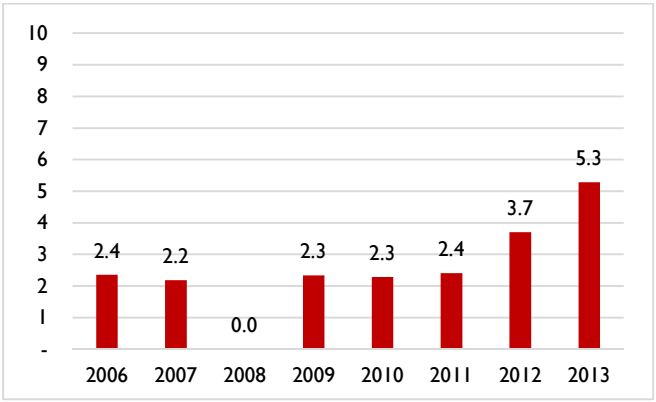
In the Republic of Korea, where workers suffered from declining purchasing power after the crisis, wage growth has returned in the past two years, at 3.1 per cent (2012) and 2.5 per cent (2013). This coincides with a more aggressive use of minimum wages, which directly affect the pay of 2.6 million Korean workers – and influence the wages of many more who are paid above the minimum wage. Up to 2010, minimum wage adjustments had fallen behind price increases. In recent years, growth of minimum wages has consistently outstripped inflation, with nominal adjustments of 6.0 per cent (2012), 6.1 per cent (2013) and 7.2 per cent (2014).[19]

South-East Asia and the Pacific: Minimum wage increases drive wage growth

Minimum wages have also played a major role in reviving wage growth in South-East Asia and the Pacific. Although the global economic crisis left its mark in this heavily export-oriented region, most countries of South-East Asia returned to solid economic growth by 2010. For the five largest economies – Indonesia, Malaysia, the Philippines, Thailand, and Viet Nam (ASEAN-5) – the IMF recorded average GDP growth of 5.8 per cent from 2010 to 2013, in line with their pre-crisis performance in 2006-07. However, wage growth remained subdued at around 2.3 per cent throughout this period, with zero real wage growth in 2008 (see Figure 8).

As a result, wage growth had been falling behind productivity gains for ASEAN countries as a grouping.[20] The gap became particularly wide in some countries and sectors, such as manufacturing in Thailand. Real wages there remained virtually flat in the decade to 2011, despite productivity gains of just under 50 per cent over the same period. In contradiction to orthodox theory, this cannot be explained by an increase in the amount of capital used in production (i.e. capital deepening). The data show that the capital-output ratio, one measure for capital intensity, has fallen since 2001 (see Box 3).

Figure 8. Average real wage growth in South-East Asia and the Pacific, 2006-13 (per cent)



Source: ILO: Global Wage Database 2014/15 (Geneva, ILO, 2014), based on national statistics.

One explanation for the disconnect between productivity gains and wages is the weakness of wage-setting institutions in many countries across the region. In the absence of effective collective bargaining, governments rely heavily on minimum wages to nudge wages upwards. In the case of Thailand, the introduction of the new minimum wage of 300 baht in 2012-13 led to strong real wage growth of 8.5 per cent in 2012 and 5.8 per cent in 2013. The minimum wage adjustment also narrowed the wage-productivity gap in the manufacturing sector (see Box 3).

Malaysia also implemented a new national minimum wage in early 2013,[21] a policy that explicitly sought to address the wage-productivity gap and was designed to support Malaysia's transition to high-income status by boosting domestic demand. This step contributed to strong real wage growth of 5.3 per cent (2013) in the important manufacturing sector (see Appendix Table 1). Wages also grew by 4.8 per cent in the broader economy in 2013, an acceleration of the 3.9 per cent growth in 2012.[22]

Minimum wage growth was also strong in Viet Nam, where real minimum wages went up by just under 10 per cent in both 2013 and 2014; they are set to rise by a similar margin on 1 January 2015. However, according to government statistics, even the new level of 2.15 million dong (VND) to VND 3.1 million (US$101 to US$146) for 2015 still falls short of workers' minimum living needs, a goal that the new National Wage Council wants to reach in the coming years.[23]

[19] See Minimum Wage Council: *Minimum wage rates by year* (2014), online at http://www.minimumwage.go.kr/eng/sub04.html [accessed 24 Nov. 2014].
[20] See ADB and ILO: *ASEAN Community 2015: Managing integration for better jobs and shared prosperity* (Bangkok, ILO, 2014), p. 70.
[21] Full implementation of the new minimum wage began in 2014; limited exemptions were granted in 2013.
[22] See Department of Statistics Malaysia: *Salaries and Wages Survey Report Malaysia 2013* (Putrajaya, 2014). Nominal wages have been deflated with the CPI from IMF: World Economic Outlook, Apr. 2014.
[23] Technical Committee of the National Wage Council: *Report on adjustment of regional minimum wage rate in 2015* (Hanoi, MoLISA, 2014).

Box 3: Labour productivity and wages in Thailand's manufacturing sector

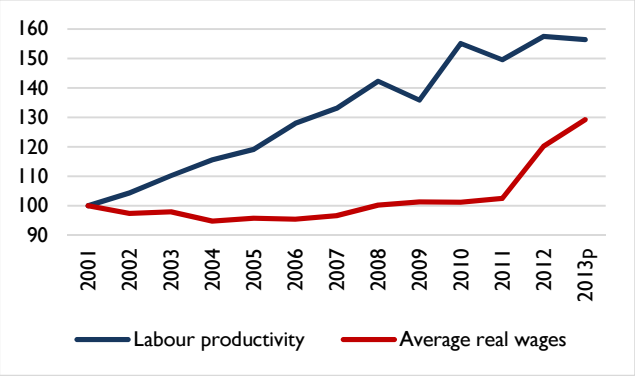
Thailand has successfully established itself as a regional hub for several key manufacturing industries, such as food processing and the manufacture of cars, computer components or chemicals. Manufacturing employs more than 5.4 million workers and, in 2012, contributed 29.1 per cent of GDP, US$114 billion.[1] Crucial to the sector's success was an impressive increase in labour productivity, which has risen by more than 50 per cent since 2001.

However, workers in the manufacturing sector have not seen corresponding gains. Their real wages remained flat until 2011 (see Figure 3-1, Panel A). The result is a dramatic decline in the labour share, the proportion of value added received by workers in the form of wages and employers' contributions to the social security system. Between 2001 and 2012, it declined from 45.3 per cent to 32.7 per cent (see Figure 3-1, Panel B).

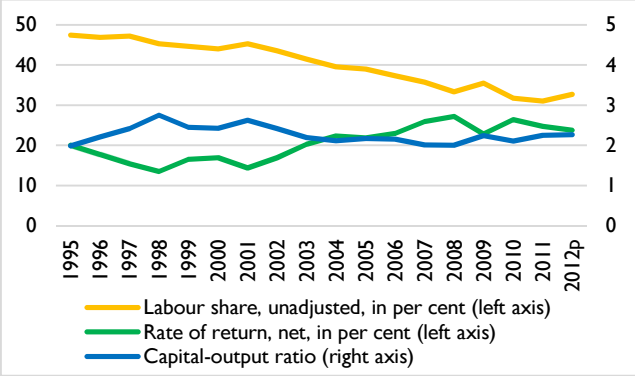
Why this disconnect between productivity and wages? One answer could be that manufacturing has become more capital-intensive. This would justify a smaller share of value added going to workers, and a greater share to the owners of capital. However, the data do not support this explanation. Panel B shows the trend in the net capital stock relative to value added, indicating that the capital-output ratio has fallen since the late 1990s.[2] Hence, manufacturing has become less capital-intensive.

Figure B3-1. Wages, productivity, and related indicators in Thailand

Panel A: Labour productivity and average wages, 2001-13 (Index, 2001=100)



Panel B: Labour share, rate of return and capital output ratio, 1995-2012



Notes: Real wages are nominal wages adjusted for purchasing power, using the consumer price index. Labour productivity is measured in real terms. The labour share is measured as the compensation of employees over value added; the net rate of return is measured as net operating surplus (including mixed income) over net capital stock at current replacement cost; the capital-output ratio is measured as net capital stock over GDP at factor cost. The labour share is presented in unadjusted form. However, since the proportion of paid employees has remained constant at roughly 75 per cent since 2000, the commonly used adjustment techniques would not change the trend.

Source: Bank of Thailand, table EC_EI_029 and table EC_EI_027; Thailand National Statistical Office: Labour Force Survey (Bangkok, various years), table 14. Thailand National Economic and Social Development Board (NESDB): *Capital Stock of Thailand 2012* (Bangkok, n.d.) and NESDB: *National Accounts of Thailand 2012* (Bangkok, n.d.).

The orthodox explanation for falling labour shares, therefore, does not hold. Instead, gains in productivity have boosted profits, rather than wages. Since the late 1990s, as measured by the net operating surplus (after allowing for depreciation of assets), annual returns on the net capital stock have increased from 15 per cent to around 25 per cent.[3] In other words, the profits reaped from a given investment were two-thirds higher in 2011 than a decade earlier, whereas the real wages earned by workers remained virtually unchanged until 2011.

What accounts for this lopsided distribution of productivity gains? Researchers from Chulalongkorn University argue that the explanation can largely be found in Thailand's weak labour market institutions.[4] Less than 2 per cent of the workforce is unionized and collective bargaining is weak. This enables employers to set wages unilaterally. It was only when the minimum wage increased in 2012/13 that employers were forced to pass on some productivity gains to their workers. The bargaining power of workers is also weakened through the use of subcontracting and the employment of foreign migrant labour.

Source: Based on ADB and ILO: *ASEAN Community 2015: Managing integration for better jobs and shared prosperity* (Bangkok, ILO, 2014), pp. 68-69.

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[1] See NESDB: *National Accounts of Thailand 2012* (Bangkok, n.d.).

[2] An analysis by the National Economic and Social Development Board confirms this finding. The incremental capital output ratio, or the investment needed to increase GDP by one unit, has been below one since the beginning of the 9th National Plan in 2002. In the two previous plans, the incremental capital output ratio was 1.7, signalling increasing capital intensity. See NESDB: *Capital Stock of Thailand 2012* (Bangkok, n.d.), table 4.

[3] While this figure includes the mixed income of owner-operated businesses the composition of the sector's employment has not changed significantly since 2000. Hence, the trend remains unaffected by possible adjustments.

[4] S. Boonyamanond et al.: *Wages, productivity, and the evolution of inequality in Thailand* (Bangkok, ILO, Sep. 2013), unpublished manuscript.

Box 4: Wage incomes in the Pacific Island countries

How much do wage workers in the Pacific Island countries earn? As a look at the statistical appendix of this briefing note will reveal, very little is known about wage levels in the Pacific Island countries – and even less is known about how much different categories of workers earn, or how large the gender gaps are. The lack of reliable data on wages is a major obstacle for policy makers who, like in Kiribati or Tuvalu, consider introducing a minimum wage.

However, it is clear from Household Income and Expenditure Surveys (HIES) that wages are a major source of income for households across the Pacific. Although the available HIES reports do not provide data on average wages, they typically classify different types of household income. Wages and salaries are the single most important income source in seven of the eleven countries listed in Table B4-1. In Fiji, the Federated States of Micronesia and Palau they account for more than half of household incomes; in Nauru the share is close to three-quarters. Income from self-employment is the most important source of income in Kiribati, Solomon Islands, Timor-Leste and Vanuatu.

Table B4-1. Income by source as a share of the total income, selected Pacific Island countries, latest available year (per cent)

Country (year)	Income from wages & salaries	Income from self-employment	Income from transfers	Other income
Fiji (2008-09)	53.7	16.4	8.5	21.4
Kiribati (2006)	41.1	44.9	11.9	2.1
Micronesia, Federated States of (2005)	52.7	30.1	17.0	0.2
Nauru (2006)	74.2	11.3	8.3	6.2
Palau (2006)	57.8	5.6	15.5	2.9
Samoa (2008)*	46.8	23.3	27.1	2.8
Solomon Islands (2005-06)	27.5	48.0	24.5	0.0
Timor-Leste (2011)	21.7	58.8	19.5	0.0
Tonga (2009)	35.3	26.9	35.3	2.5
Tuvalu (2004-05)	47.0	15.5	9.1	28.5
Vanuatu (2006)	35.1	54.0	4.8	6.1

*Measures 'primary income', includes estimated value of receipts earned from businesses alongside income from earnings from current and previous jobs.
Notes: Income from 'imputed rent' is excluded from the totals.
Source: Fiji Islands Bureau of Statistics: *Report on the 2008-09 HIES for Fiji* (Suva, 2011); Kiribati National Statistics Office: *Analytical Report on the 2006 Kiribati HIES* (Tarawa, 2008); Federated States of Micronesia Division of Statistics: *HIES Analysis Report, 2005* (Palikir, 2007); Nauru National Statistics Office: *Nauru HIES Report 2006* (Yaren, 2007); Palau Ministry of Finance: *2006 Republic of Palau HIES* (Koror, 2007); Samoa Bureau of Statistics: *HIES Tabulation Report 2008* (Apia, n.d.); Solomon Islands Statistics Office: *HIES 2005/6: National Report* (Honiara, 2006); Timor-Leste National Statistics Directorate, Ministry of Finance: *Timor-Leste HIES 2011* (Dili, 2013); Kingdom of Tonga Statistics Department: *HIES 2009 Report* (Nuku'alofa, 2012); Tuvalu Central Statistics Division, Ministry of Finance: *HIES 2004/2005, Final Report* (Funafuti, 2005); Vanuatu National Statistics Office: *Main Report on the HIES 2006* (Port Vila, 2006).

To understand the role of wages for livelihoods in the Pacific Island countries, better data on the level of wages, their distribution and gender disparities are needed. While Labour Force Surveys are the instrument of choice, these are carried out very infrequently due to capacity constraints, limited budgets and the high cost of collecting data for an often dispersed population. Hence, a more feasible strategy might be to use the HIES to collect more comprehensive information on wages and wage earners. The Secretariat for the Pacific Community could play an instrumental role in this, adding to its success in collecting coherent economic and social indicators for the countries of the Pacific.

In Indonesia, Jakarta's minimum wage of 2.2 million rupiah (then US$210) took effect in early 2013. This was an increase of 37.6 per cent in inflation-adjusted terms, a margin that generated controversy. However, Jakarta's minimum wage increased only by a modest 3.0 per cent in real terms in 2014 – and minimum wage adjustments remained modest in most districts of neighbouring Central and West Java.

South-East Asia's largest minimum wage increase of the past two years took place in Cambodia, where street protests around minimum wages caught international attention. A series of adjustments brought the minimum wage for the footwear and garment sector from US$61 to US$80 (May 2013) and to US$100 (February 2014); a further increase to US$128 will come into effect in January 2015. In the future, the tripartite Labour Advisory Committee (LAC) will review the minimum wage rates on an annual basis.

With the combined impact of minimum wage increases in several large countries, wages in South-East Asia recorded strong growth of 3.7 per cent in 2012 and 5.3 per cent in 2013. Through these wage increases, the developing economies of the region have made use of the space created by rising wages in China – which has led to a gradual relocation of labour-intensive industries to countries such as Cambodia, Indonesia and Viet Nam.

However, in mature industries like garments, the scope for further technological improvements and labour productivity gains to support wage rises is limited. Garment factories, in particular, find themselves under considerable cost pressure – especially since global garment prices are stagnating or declining. For example, US import prices for apparel from ASEAN countries have fallen by 3.7 per cent between June 2012 and October 2014.[24] To keep the industry viable, international buyers – who readily endorse the principle of living wages in their corporate social responsibility (CSR) statements[25] – therefore need to absorb some of the cost increase through higher f.o.b. prices.[26]

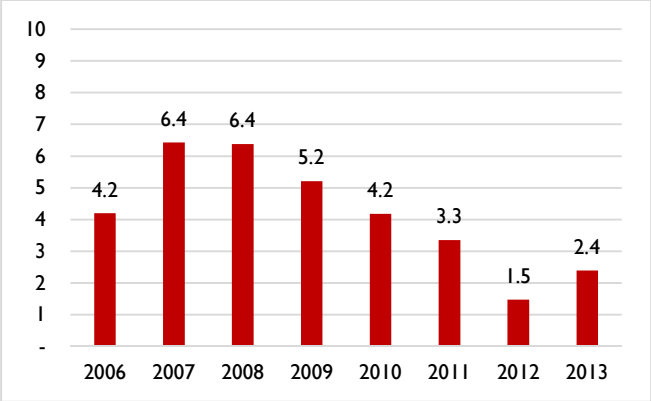
In the Pacific Island countries, Fiji introduced a national minimum wage of 2.00 dollars (FJD) per hour on 1 March 2014 (equivalent to US$1.05).[27] While the national minimum wage does not replace the existing sectoral and occupation rates (that range from FJD2.15 to FJD4.98), it is intended to fill the coverage gap for wage workers in previously uncovered sectors. Vanuatu already has a minimum wage of 170 vatu per hour (or US$1.70) in place, while Kiribati or Tuvalu are considering a similar step. Unfortunately, information on average wages and wage growth is scarce for the Pacific Island countries – although wages play a major role for household incomes in most countries (see Box 4).

South Asia: Slow-down of wage growth

For South Asia, the subregional estimates indicate a slow-down of real wage growth to 1.5 per cent (2012) and 2.4 per cent (2013) (see Figure 9). This compares to 6.4 per cent in 2007 and 2008, when wage growth in the subregion peaked. However, these findings come with a caveat since wage data for South Asia are less comprehensive than those for other parts of Asia and the Pacific and figures for 2013 were still unavailable for some major economies at the time of going to print.

South Asia's largest economy, India, is a good illustration of this. The National Sample Survey Office's (NSSO) Employment Unemployment Survey collects wage data for regular wage and salaried employees every second year.[28] The data suggest that real wages grew by a cumulative 37.7 per cent per cent between 2005/06 and 2011/12. With a total of 17.0 per cent, growth was highest in the two-year period from 2005/06 to 2007/08. It slowed down to 11.8 per cent over the two-year period 2007/08-2008/09 and further to only about 5.2 per cent between 2009/10 and 2011/12 (no data for 2013 are available). However, some questions about the apparent slow-down remain – especially since rural wages have grown strongly over the past few years (see Box 5).

Figure 9. Average real wage growth in South Asia, 2006-13 (per cent)



Source: ILO: Global Wage Database 2014/15 (Geneva, ILO, 2014), based on national statistics.

In India, the minimum wage system remains complex, with more than 1,600 different rates set at the Central Government level and by the different States for different industries or occupations (called "schedules"). Despite the high number of minimum wage rates, the current system only covers about two-thirds of the country's wage workers.[29] Anecdotal evidence suggests that awareness of the Minimum Wages Act of 1948 is low even among some of those who are covered. For instance, a study by India's Labour Bureau found that less than 10 per cent of the workers in Karnataka's stone breaking and stone crushing industry knew the wage rates prescribed under the act.[30]

Studies therefore suggest that compliance with the minimum wage legislation remains low (despite some improvements in the late 2000s).[31] To address the shortcomings of the current system, India's Government recently announced plans to amend the Minimum Wages Act of 1948 and to set a national floor for workers across professions.

In Sri Lanka, real minimum wages have grown strongly since the end of the civil war in 2009. For workers where the Wage Boards set minimum wages, the real minimum wage

[24] See United States Bureau of Labor Statistics, *U.S. import price indexes for selected categories of goods by locality of origin, Table 7,* http://www.bls.gov/web/ximpim.supp.toc.htm [accessed 3 Dec. 2014].
[25] See the base codes of major industry initiatives, such as the Business Social Compliance Initiative (BSCI), the Ethical Trading Initiative (ETI) or the Fair Labor Association (FLA). See also the compilation of CSR statements in R. Anker: *Estimating a living wage: A methodological review*, Conditions of Work and Employment Series No. 29 (Geneva, ILO, 2011).
[26] In other words, 'free on board' prices that excluding shipping charges.
[27] See Government of Fiji: *Employment Relations (National Minimum Wage) Regulations 2014* (Suva, Government Printer, 2014).
[28] For the purpose of regional estimates, this makes it necessary to estimate average wages for the missing years The ILO uses a methodology developed in consultation with the Ministry of Statistics and Programme Implementation. The wage series is deflated by an average of the industrial workers and rural labourers price indices to obtain real average wages.
[29] See U. Rani et al.: "Minimum wage coverage and compliance in developing countries", in *International Labour Review* (2013, Vol. 152, No. 3-4), pp. 381ff.
[30] Labour Bureau: *Evaluation Study on the Implementation of Minimum Wages Act, 1948 in Stone Breaking & Stone Crushing Industry in Karnataka* (Chandigarh, Ministry of Labour and Employment, 2009), p. 63ff..
[31] See U. Rani et al., op cit., p. 390ff.

Box 5: Rising wages for agricultural workers in India: what role has MGNREGA played?

After years of stagnation, real wages for agricultural and rural labour in India are rising. Data on the wage rates paid for common agricultural tasks (ploughing, sowing, transplanting, weeding and harvesting) indicate a sharp increase since 2007/08. According to some estimates, real wage growth for these tasks averaged 6.8 per cent annually across rural India since then – a remarkable acceleration when compared to the zero growth in the preceding decade.[1]

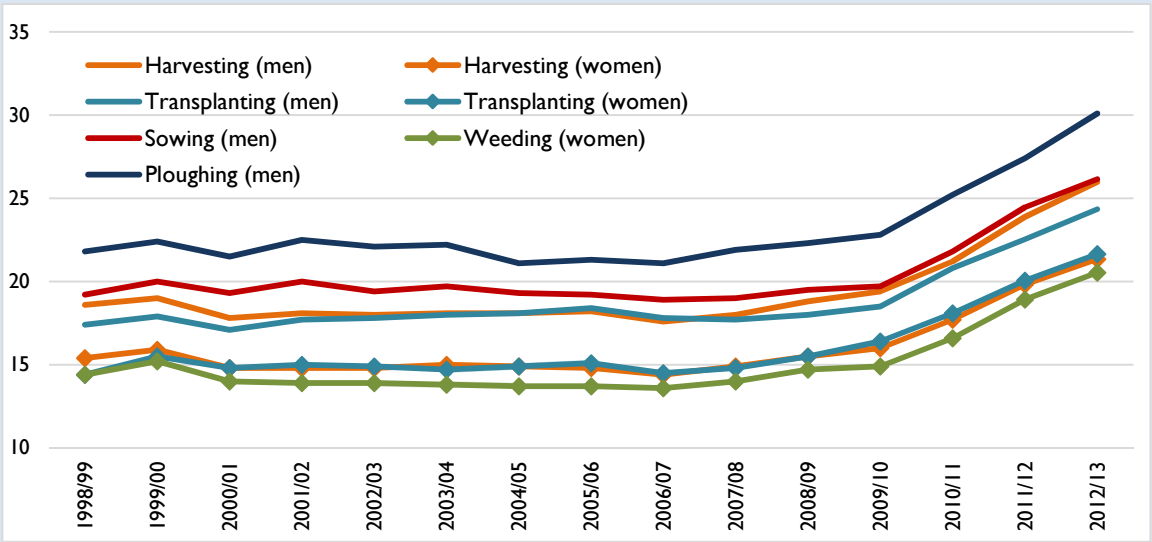
As the data from the Rural Labour Enquiry in Figure B5-1 show, the strong growth is evident for the different tasks and for men and women alike. This pattern is common to all states, in almost all occupations and for men and women alike (with the exception of Gujarat, Meghalaya and Tripura).[2] In particular, female wages rose markedly in some states – notably Bihar, Orissa, West Bengal and Meghalaya (albeit from a lower base). In most states, wages for low-skilled labour increased at a faster rate than that for medium-skilled and high-skilled occupations.

This rise in agricultural wages is often attributed at least in part to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Since 2006, the scheme provides employment for a maximum of 100 days in a year to some 45 million households in rural India. Under MGNREGA guidelines, the central government bears the cost of the wage bill. Wage rates are adjusted annually and have grown substantially since the introduction of the scheme.[4]

However, the programme is not the only factor behind rising rural wages. For example, it is often argued that labour demand from the booming construction sector has also played a major role.[4] Nonetheless, MGNREGA offers workers an alternative to lower-paid jobs in agriculture and has increased their reservation wage. In other words, the scheme has established a de facto wage floor in rural areas – which would explain why a recent study found that agricultural wages are roughly in line with the MGNREGA wage and why the programme has lifted other wages, in particular those of the lowest-paid workers.[5]

Since women's wages are significantly below those of men – even for identical tasks (see Figure B5-1) – rising wages can help to address gender inequalities in rural areas. One-third of all MGNREGA workdays are reserved for women, and research confirms that the scheme has had a strong impact on women's employment and wages in rural India. As Khera and Nayak (2009, p. 51) conclude, MGNREGA has resulted in a "huge increase over [women's] previous earning opportunities".[6]

Figure B5-1. Real wage rates for agricultural labour, agricultural years 1998/99 to 2012/13 (INR, in constant 1986/87 prices)



Note: 2012/13 figure is for agricultural year July-June; preceding figures show May-April. Values for 1998/99-2010/11 are obtained from Usami (2012). Values for 2011/2012 and 2012/13 are calculated by the same methodology, based on the mean of the monthly nominal wages for 'all India' in the agricultural year July-June converted into 1986/87 prices using the CPI for Agricultural Labour; CPI figures for 2012-13 are for May 2012 to April 2013.
Source: Labour Bureau, Rural Labour Inquiry, 'Wage rates in rural India' (various issues)

[1] Gulati et al.: *Rising farm wages in India: the 'pull' and 'push' factors* (Commission for Agricultural Costs and Prices, Ministry of Agriculture, 2013).
[2] Y. Usami: "Recent trends in wage rates in rural India: An update", in *Review of Agrarian Studies* (2012, Vol. 2, Issue 1), pp. 171-181.
[3] For current NREGA wage rates, see Gazette of India, Part II, Section 3, Sub-section (ii), No. 336 of 13 February 2014.
[4] Gulati et al.: *Rising farm wages in India: the 'pull' and 'push' factors,* op. cit.
[5] Dutta et al.: *Does India's employment guarantee scheme guarantee employment?* PRWP No. 6003 (Washington D.C., World Bank, 2012) and Berg et al.: *Can rural public works affect agricultural wages,* Working Paper WPS/2012-05 (Oxford, CSAE, Nov. 2013).
[6] See R. Khera and N. Nayak: *Women workers and perception of the National Rural Employment Guarantee Act*, Economic and Political Weekly (2009, Vol. 44, No. 43, Oct.); S. Dasgupta and R. Sudarshan: *Issues in labour market inequality and women's participation in India's National Rural Employment Guarantee Programme,* Working Paper No. 98 (Geneva, ILO, 2010). Rani U., and P. Belser (2012), "The effectiveness of minimum wages in developing countries: the case of India", *International Journal of Labour Research*, Vol.4, Issue I.

rate index grew by 36.8 per cent between 2009 and 2013.[32] However, Sri Lanka's minimum wages are still among the lowest in Asia and the Pacific – as the example of the garment sector illustrates (see Box 1). With a real index value of 104.9 in 2013, they are only marginally above their level in December 1978 (when the index was 100). By comparison, real wages for Sri Lanka's central government employees have grown by half since the late 1970s.[33]

Minimum wages also caught public attention in Bangladesh, where they increased in December 2013 for the country's more than 4 million garment workers. The rate for the entry-level Grade 7 is now 5,300 taka (BDT) per month (US$68), compared to BDT 3,000 under the previous Minimum Wage Order of November 2010. However, due to rising consumer prices, the purchasing power increased by only 36.4 per cent – far less than the large nominal adjustment would suggest.[34]

In Pakistan, wage growth has been relatively low. Real wages fell in 2009 and 2011 and grew by 2.6 per cent in 2010 (see Appendix 1). According the latest Labour Force Survey, wages averaged 12,118 rupee per month in 2013 (or US$119). For Nepal, the National Salary and Wage Rate Index suggests that, when the data are adjusted for inflation, wages grew strongly in 2011 (15.1 per cent) and 2012 (8.3 per cent), but stagnated in 2013 (-0.2 per cent).

Summary and outlook

Over the past two years, wage growth in Asia and the Pacific has again outperformed most other regions in the world, most notably the developed economies. Across the region, average real wages (that is, after adjusting for inflation) grew by 5.9 per cent in 2012 and by 6.0 per cent in 2013. The main driving force behind these gains was China. According to new ILO estimates that combine data for state-owned enterprises and other so-called urban units with those for private enterprises, average wages in Asia's largest economy grew by 9.7 per cent (2012) and 9.0 per cent (2013) in real terms. Despite rising wages, China has remained highly competitive. Unit labour costs, or wage costs relative to value added, are now much lower than in the early 2000s.

However, China's rapid pace of development means that its comparative advantage is gradually shifting away from labour-intensive sectors such as garments, and towards higher-value added activities like electronics. Countries in South-East Asia have benefited from this trend and, as in the case of Cambodia and Viet Nam, substantially expanded their apparel exports. Wages in the low-income ASEAN countries are now much lower than in China. Over the past years, several ASEAN countries have used the policy space created by the surge in Chinese wages and substantially increased minimum wages. This contributed to a revival of wage growth in the subregion, following many years of slow progress.

By contrast, it appears that wage growth has slowed down in South Asia. However, data availability for this subregion is poorer than for other parts of Asia and the Pacific, so that these estimates should be read with some caution. For instance, while the data for India indicate slowing growth rates, there appear to be real wage gains for agricultural labour.

While there has been substantial progress across Asia and the Pacific, governments have to take action on three fronts to set wage policies on a sustainable path:

(1) Across the region, minimum wages remain an important wage-fixing tool. However, they also generate conflict and controversy. Governments therefore need to strengthen minimum wage setting institutions and base decisions on sound evidence and dialogue with trade unions and employers. Several countries have taken steps in this direction. For instance, Viet Nam and Malaysia have both set up new, tripartite bodies to review minimum wages. In India, the new Government has announced a much-needed review of the Minimum Wages Act of 1948.

(2) Meanwhile, collective bargaining remains weak throughout most countries of Asia and the Pacific. This means that minimum wages are often the only wage fixing mechanism, making them less effective in their role to set a wage floor. Wages for higher-paid workers are better determined without government intervention, based on direct negotiations between trade unions and employers. Governments need to create an enabling context for this, in line with principles set out in the ILO's Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

(3) Lastly, to formulate effective and evidence-based wage policies, governments, trade unions and employers' federations alike need access to timely and comprehensive data on wages. Countries like Indonesia, Thailand or Viet Nam now publish quarterly wage statistics that rely on a nationally representative sample. In China, the National Bureau of Statistics has responded to the growing importance of private enterprises by including them into their data collection. By comparison, few countries in South Asia publish annual data on average wages that cover all wage earners, complicating the analysis of wage developments and policy formulation.

[32] See Central Bank of Sri Lanka: *Annual Report 2013* (Colombo), Table 46.
[33] Ibidem.
[34] Nominal minimum wages were deflated based on Bangladesh Bureau of Statistics: *Monthly Consumer Price Index* (Dhaka).

Statistical Appendix 1: Growth of average real wages in Asia and the Pacific, 2006-13 (in %)

Country	2006	2007	2008	2009	2010	2011	2012	2013	Source
East Asia									
China, urban units	12.9	13.4	10.7	12.6	9.8	8.6	9.0	7.3	National Bureau of Statistics China: Annual Yearbook.
China, private enterprises	..	..	..	7.6	10.5	12.3	14.0	10.9	National Bureau of Statistics China: Annual Yearbook.
Hong Kong (China)	2.0	1.7	-4.0	..	1.9	4.1	0.4	-0.2	Census and Statistics Department of Hong Kong: Quarterly Report of Wage and Payroll Statistics.
Korea, Democratic People's Republic	..	..	..	..	..	..	..	..	
Korea, Republic of	3.4	3.0	-1.5	-0.1	3.8	-2.9	3.1	2.5	Ministry of Labour of Korea: Labour Force Survey at Establishments.
Macau (China)	6.5	21.5	11.7	-0.4	-0.8	0.4	-0.4	1.6	Statistics and Census Service, Macau SAR: Manpower Needs and Wages Survey.
Mongolia	20.8	25.2	25.0	3.1	3.2	15.4	14.3	..	Mongolia National Statistical Office: Average wages and salaries sample survey.
Taiwan (China)	0.2	0.3	-3.5	-4.1	4.2	1.1	-1.7	-0.6	Statistics Office of Taiwan (China): Employee Wage Survey.
South-East Asia and the Pacific									
Brunei Darussalam	..	..	..	13.3	..	..	..	..	Department of Statistics of Brunei Darussalam: Brunei Darussalam Statistical Yearbook.
Cambodia	..	..	..	..	9.9	3.4	20.8	..	National Institute of Statistics: Cambodia Socio-Economic Survey.
Fiji	..	15.4	..	..	..	..	..	..	Fiji Islands Bureau of Statistics: Annual Employment Survey.
Indonesia	1.7	2.5	-2.1	8.7	1.5	2.9	2.5	10.1	Statistics Indonesia of the Republic of Indonesia: Labour Force Survey (SAKERNAS).
Lao PDR	..	..	..	..	..	..	..	..	
Malaysia	0.0	3.2	-3.3	0.0	4.0	4.0	3.7	5.3	Department of Statistics of Malaysia: Monthly Manufacturing Survey.
Maldives, Rep. of	..	..	..	..	..	..	..	..	
Myanmar	142.5	3.0	22.1	..	..	..	..	..	ILO: Laborsta.
Papua New Guinea	..	..	..	..	..	..	..	..	
Philippines	1.5	-1.1	-3.4	0.0	1.6	-1.0	1.9	1.5	National Statistical Office of the Philippines: Labour Force Survey.
Samoa	..	..	..	..	..	..	..	..	
Singapore	2.2	4.0	-1.1	-3.2	2.7	0.7	-2.2	1.9	ILO estimates from Statistics Singapore: Central Provident Fund Board.
Solomon Islands	..	..	..	..	..	..	..	..	
Thailand	1.5	0.7	4.5	-1.6	3.2	3.3	8.5	5.8	National Statistical Office of Thailand: Labour Force Survey.
Timor-Leste	..	..	..	..	..	..	..	..	
Viet Nam	5.6*	2.2*	..	..	-3.7	3.9	10.9	..	General Statistics Office of Vietnam: Labour Force Survey.
South Asia									
Afghanistan	..	..	..	..	..	..	..	..	
Bangladesh	-0.5	1.0	2.5	9.2	3.1	-2.1	1.1	7.5	Bangladesh Bureau of Statistics: Statistical Yearbook 2010, Monthly Statistical Bulletins.
Bhutan	..	..	..	..	..	..	..	..	
India		17.0**		11.8**		5.2**			ILO estimates from Government of India, Ministry of Statistics and Programme Implementation: NSSO Employment Unemployment Survey.
Nepal	-0.5	3.7	4.7	4.4	4.5	15.1	8.3	-0.2	Nepal Rastra Bank: Quarterly Economic Bulletin National Salary and Wage Rate Index.
Pakistan	1.7	7.1	3.5	-1.8	2.6	-0.9	..	..	Government of Pakistan Statistics Division: Labour Force Survey.
Sri Lanka	-1.0	15.2	-26.7	4.4	4.3	..	..	..	Department of Census and Statistics: Annual Survey of Industries.
Developed economies in Asia and the Pacific									
Australia	1.0	2.1	-0.7	2.6	2.3	0.5	2.4	1.5	Australian Bureau of Statistics: Average Weekly Earnings.
Japan	-0.2	-0.2	-1.9	-1.9	2.3	0.5	0.6	-0.8	Japan Ministry of Health Labour and Welfare: Basic Survey on Wage Structure.
New Zealand	-0.3	4.9	0.1	0.1	1.6	-1.5	1.6	3.2	Statistics New Zealand: New Zealand Income Survey.

* Secondary wage data source.

** Data for India refer to real wage growth between two years. For example, real wages grew by17.0 per cent between 2005/06 and 2007/08.

Note: Blanks (..) refer to series breaks or years where data are not available.

Statistical Appendix 2: Nominal average wages in Asia and the Pacific, 2010-13 (national currencies)

Country	Currency or index	2011	2012	2013	Source	Notes
East Asia						
China, urban units	Yuan Renminbi	3 483	3 897	4 290	National Bureau of Statistics China: Statistical Yearbook.	Annual data are divided by 12. Refers to wages in urban State owned, urban collective, and other ownership units.
China, private enterprises	Yuan Renminbi	2 046	2 396	2 726	National Bureau of Statistics China: Statistical Yearbook.	Annual data are divided by 12; refers to wages in urban private units.
Hong Kong (China)	Hong Kong Dollar	12 690	13 258	13 807	Census and Statistics Department of Hong Kong: Quarterly Report of Wage and Payroll Statistics (Labour Earnings Survey).	An average of quarterly wage rate data are taken. Refers to wages in private sectors; excludes mining and quarrying, information and communication, construction, hawkers, or taxis. Companies with 10+ employees. Company size coverage varies with industry.
Korea, Democratic People's Republic		..	..	..		
Korea, Republic of	Won	2 843 545	2 995 471	3 110 992	Ministry of Labour of Korea: Labour Force Survey at Establishments.	Refers to wages in private establishments with five or more persons engaged.
Macau (China)	Pataca	10 725	11 335	12 145	Statistics and Census Service Macau SAR Government: Manpower Needs and Wages Survey - Manufacturing, hotels, restaurants, insurance, and financial intermediation activities.	An average of bi-annual data is used. Refers to wages in hotels and restaurants.
Mongolia	Tugrik	424 150	557 550	..	Mongolia National Statistical Office: Average Wages and Salaries Sample Survey.	
Taiwan (China)	New Taiwan Dollar	45 508	45 589	45 664	Statistics Office of Taiwan (China): Employee Wage Survey.	Refers to wages in industry and services.
South-East Asia and the Pacific						
Brunei Darussalam		..	..	..		
Cambodia	Riel	392 048	487 583	..	National Institute of Statistics: Cambodia Socio-Economic Survey.	
Fiji	Fiji Dollar	..	..	..		
Indonesia	Rupiah	1 529 161	1 630 193	1 909 478	Statistics Indonesia of the Republic of Indonesia: Labour Force Survey (SAKERNAS).	August of each year.
Lao PDR		..	..	..		
Malaysia (Manufacturing survey)	Malaysian Ringgit	2 358	2 486	2 674	Department of Statistics of Malaysia: Monthly Manufacturing Survey.	Total monthly wages are divided by the number of employees. An average is then taken of monthly data. Refers to wages in manufacturing.
Malaysia (Salaries and wages survey)	Malaysian Ringgit	1 814	1 916	2 052	Department of Statistics of Malaysia: Salaries and Wages Survey Report Malaysia 2013.	Refers to mean monthly salaries, all economic sectors.
Maldives, Rep. of		..	..	..		
Myanmar		..	..	..		
Papua New Guinea		..	..	..		
Philippines	Philippine Peso	8 280	8 707	9 107	National Statistical Office of the Philippines: Labour Force Survey.	Average daily basic pay is multiplied by 313/12.
Samoa	Tala	..	1 296	..	Samoa Bureau of Statistics: 2012 Labour Force Survey.	
Singapore	Singapore Dollar	4 334	4 433	4 622	Statistics Singapore: Central Provident Fund Board.	
Solomon Islands		..	..	..		
Thailand	Baht	9 935	11 101	12 003	National Statistical Office of Thailand: Labour Force Survey.	Annual data calculated as average of quarterly data.

Country	Currency or index	2011	2012	2013	Source	Notes
Timor-Leste	US Dollar	[174]	..	..	National Directorate of Statistics of Timor-Leste: Labour Force Survey.	Refers to 2010.
Viet Nam	Dong	3 105 000	3 757 000	4 120 000	General Statistics Office of Vietnam: Labour Force Survey.	Refers to the average monthly income for wage workers.
South Asia						
Afghanistan		..	..	..		
Bangladesh	Index	5 782	6 469	7 388	Bangladesh Bureau of Statistics: Statistical Yearbook 2010 & Monthly Statistical Bulletins.	Refers to wage rates across the manufacturing, construction, agricultural, and fishing industries based on fiscal years.
Bhutan		..	..	..		
India	Indian Rupee	..	10 621	..	National Sample Survey Organization: Employment Unemployment Survey	Average daily wage / salary earnings received by regular wage / salaried employees (activity status codes: 31, 71, 72) of age 15-59 years are multiplied by 313/12. Refers to fiscal year 2011/12.
Nepal	Index	229	268	294	Nepal Rastra Bank: Quarterly Economic Bulletin National Salary and Wage Rate Index.	An average of the overall quarterly index is used.
Pakistan	Pakistan Rupee	9 715	..	12 118	Government of Pakistan Statistics Division: Labour Force Survey.	
Sri Lanka	Sri Lanka Rupee	16 205	..	..	Department of Census and Statistics: Annual Survey of Industries.	Total wages to workers are divided by the total number of workers. Annual data are divided by 12. Refers to wages in establishments with five or more persons engaged in industry (C, D and E).
Developed economies in Asia and the Pacific						
Australia	Australian Dollar	4 439	4 625	4 808	Australian Bureau of Statistics: Average Weekly Earnings.	Weekly data has been multiplied by 52/12. Annual figures are an average of biannual data.
Japan	Yen	323 800	325 600	324 000	Japan Ministry of Health Labour and Welfare: Basic Survey on Wage Structure.	Contractual cash earnings for ordinary workers in private companies with five or more regular employees.
New Zealand	New Zealand Dollar	3 891	3 995	4 169	Statistics New Zealand: New Zealand Income Survey.	Weekly data are multiplied by 52/12. Refers to the wages and salaries component of individual gross income.

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