



TOWARD FAIR COMPENSATION  
IN VIETNAM:  
INSIGHTS ON REACHING A LIVING WAGE

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FAIR LABOR  
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## INTRODUCTION

**Factory workers in the apparel and footwear sector** often earn poverty-level wages. While fair compensation for these workers draws much attention, progress is hampered by a lack of verifiable information on the actual pay they receive. The Fair Labor Association (FLA) routinely collects wage data from suppliers of affiliated brands so that brands have the data needed to act upon their commitment to fair compensation.<sup>i</sup>

This report presents wages and compares the pay earned by apparel and footwear workers in Vietnam to the living wage targets that have been developed by several expert groups. The average worker in FLA affiliate factories in Vietnam earns significantly more

than double the minimum wage and well above the World Bank International Poverty Line, the National Poverty Line, and the legal minimum wage. Still, there is a significant gap between what workers in Vietnam earn and what they need to provide for themselves and their families. As a result, workers often fill this income gap through excessive overtime, sometimes far beyond what is acceptable by international standards or FLA benchmarks.

This report also highlights issues closely related to fair compensation — such as excessive working hours — that brands, suppliers, governments, civil society, and other stakeholders should seek to address when implementing sustainable labor practices in Vietnam.

## WORKERS' RIGHTS AND THE GARMENT INDUSTRY IN VIETNAM

**Vietnam is the third largest garment exporting country by volume** (behind China and Bangladesh), and the apparel industry accounts for 16% of the country's total exports.<sup>ii</sup> Apparel production is the source of economic development for much of the country, where about 6,000 manufacturers employ 2.5 million workers in a nation with a population of 90 million.<sup>iii</sup> The combined footprint of tier one<sup>iv</sup> suppliers and facilities owned by FLA affiliates alone involves more than 1.5 million workers.

While workers in Vietnam are by no means at the highest risk among their global peers<sup>v</sup>, many do not earn fair compensation. One

factor closely tied to workers' ability to advocate for higher wages is that the rights of these workers are limited by law. Vietnam has ratified only five of the International Labor Organization's (ILO)'s eight core labor conventions and has not ratified Convention 87 on Freedom of Association and Protection of the Right to Organize, Convention 98 on the Right to Organize, or Convention 105 on Abolition of Forced Labor.<sup>vi</sup> In 2018, the International Trade Union Confederation (ITUC) rated Vietnam a four of five on its Global Rights Index depicting the world's worst countries for workers, with one indicating sporadic violations of rights and five indicating no guarantee of rights.<sup>vii</sup>

# VIETNAM LABOR LAW AND MINIMUM WAGE

**Under its 2012 Labor Code**, the Vietnamese government determines the regional minimum wage through sectoral collective negotiations.<sup>viii</sup> Each industry can choose its minimum wage as long as this wage is not lower than the government-set regional monthly minimum.<sup>ix</sup> The government determines this minimum based on recommendations from the National Wage Council (NWC).<sup>x</sup> The NWC is made up of 15 members: five representatives from each sector: employers, trade unions, and the government. The NWC bases the minimum wage on Vietnam's "macroeconomic situation, the ability of the enterprises, Consumer Price Index (CPI), and minimum standard of living of workers."<sup>xi,xii</sup> Employers determine whether to distribute wages on a daily, weekly, or monthly basis. Although the number of hours of work is not considered in the minimum wage, according to the 2012 Labor Code, normal working hours must not exceed 10 hours in a day or 48 hours a

week.<sup>xiii</sup> However, workers can work up to 200 hours of overtime in one year (300 hours in special cases), or 30 hours a month.<sup>xiv</sup>

The NWC has proposed a 5.3 percent minimum wage increase for 2019. While this increase is higher than the rate of inflation in Vietnam (which was 3.8 percent in 2018 and 3.5 percent in 2017),<sup>xv</sup> it would be lower than the wage increases of the two prior years (6.5 percent in 2018 and 7.3 percent in 2017)<sup>xvi</sup> and minimum wages would remain at less than half (48.2 percent) of the lowest living wage estimate presented in this report.

REGIONAL MINIMUM WAGES IN VIETNAM (VND)			
AREA	2017	2018	INCREASE
I	3,750,000	3,980,000	230,000
II	3,320,000	3,530,000	210,000
III	2,900,000	3,090,000	190,000
IV	2,580,000	2,760,000	180,000

## METHODOLOGY

**The verified data in this report** were gathered over three years (2015 – 2017) during the FLA's regular Sustainable Compliance Initiative (SCI) assessments in Vietnam and represent almost 13,000 workers from 38 factories. Facilities were chosen randomly to receive the SCI assessments. Before each assessment, wage data were gathered from factory personnel using the FLA's SCI Wage Data Collection Template, against which FLA assessors

performed verification checks during the assessment process. In addition to the wage data, FLA staff reviewed detailed reports and compliance findings from each SCI assessment. This multi-faceted view of factory conditions gives additional insight into the compensation data.

When measuring worker compensation, the FLA includes bonuses, cash and in-kind benefits, productivity incentives, and other

aspects of pay which are not measured in many other wage analyses. The FLA's SCI Wage Data Collection Template measures aspects of pay through a sample of workers among four occupations in

individual factories. The aspects of pay are standardized among countries, regions, and individual facilities to allow for accurate comparison and ensure a full depiction of what the average worker earns.



## THE FLA'S FAIR COMPENSATION COMMITMENT

The Fair Labor Association and its stakeholders are committed to ensuring that workers receive fair compensation. In 2011, the FLA revised its Code of Conduct to explicitly state that “every worker has a right to compensation for a regular work week that is sufficient to meet the workers’ basic needs and provide some discretionary income.” As part of that commitment, FLA affiliates collect actual wage data from workers within their supply chains, analyze that data against regionally specific wage benchmarks, and create strategies for remediation of low wages.

## FLA DEFINITION OF NET WAGE

**The FLA defines net wage as:**

**COMPENSATION = BASIC CONTRACTED WAGE [1] + CASH BENEFITS + IN-KIND BENEFITS - MANDATORY TAXES AND LEGAL DEDUCTIONS AND TAXES [2]**

Our definition includes pay earned during regular hours and excludes overtime hours. This is in keeping with international best practice<sup>xvii</sup> and the FLA Code of Conduct, which states that “every worker has a right to compensation for a regular work week that is sufficient to meet the workers’ basic needs and provide some discretionary income,” including the needs of at least two dependents.<sup>xviii</sup> Similarly, the Global

Living Wage Coalition (GLWC) defines a living wage as “remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family.”<sup>xix</sup> In other words, a living wage must be earned during normal working hours and must not include overtime pay or incentive bonuses such as premium pay for nights, weekends, or holidays.<sup>xx</sup> According to the methodology established by Richard and Martha Anker and adopted by the GLWC, bonuses should be included only in wage calculations if they are “received by most workers and not associated with an especially fast work pace or overtime.”<sup>xxi</sup>

## SELECTION OF WAGE BENCHMARKS

**When evaluating wages**, it is important to have reliable benchmarks against which to measure worker pay. At the same time, to make progress on wages, we must resist becoming paralyzed in the pursuit of data. In this report, the FLA has presented a range of benchmarks that reflect the judgments of a variety of stakeholders, including governments, labor rights organizations, unions, and multilateral organizations. Detailed information on each benchmark, including the number of workers and dependents that are used for each calculation, can be found in

Appendix A; this information can be useful for education and comparison. The GLWC estimate of VND 5,760,098 net wage (VND 6,435,864 gross) for Ho Chi Minh city, the region in which most factories in our sample are located, uses the Anker methodology. This methodology incorporates detailed, regionally-specific research on the actual costs that workers face that other estimates tend to generalize, such as housing. Our analysis, therefore, emphasizes this benchmark as a target for brands, suppliers, and other stakeholders.



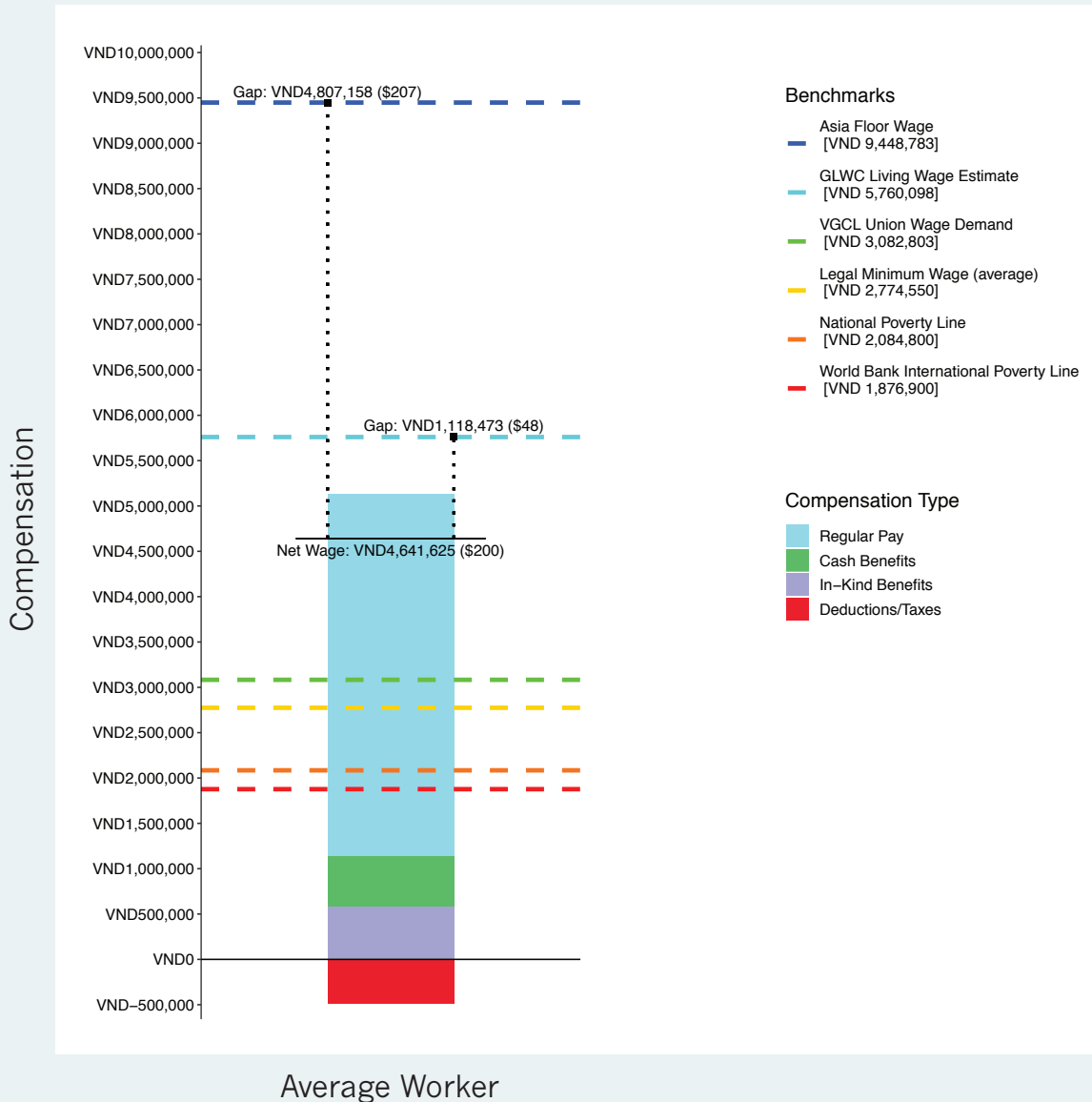
# THE WAGE GAP

**There is a significant gap** between what apparel workers in Vietnam earn and what they need to meet their basic needs and have some discretionary income. On average, workers in Vietnam earn the equivalent of VND 4,645,122 (\$200) per month. The next highest rung on the ladder, the Global Living

Wage Coalition benchmark, is VND 5,760,098 (\$248); thus, a living wage would require a pay raise of almost 25 percent, or VND 1,114,976 (\$48), per month.

The picture changes somewhat when additional elements are included in the wage

**FIGURE A: AVERAGE VIETNAMESE WORKER: NET WAGE**

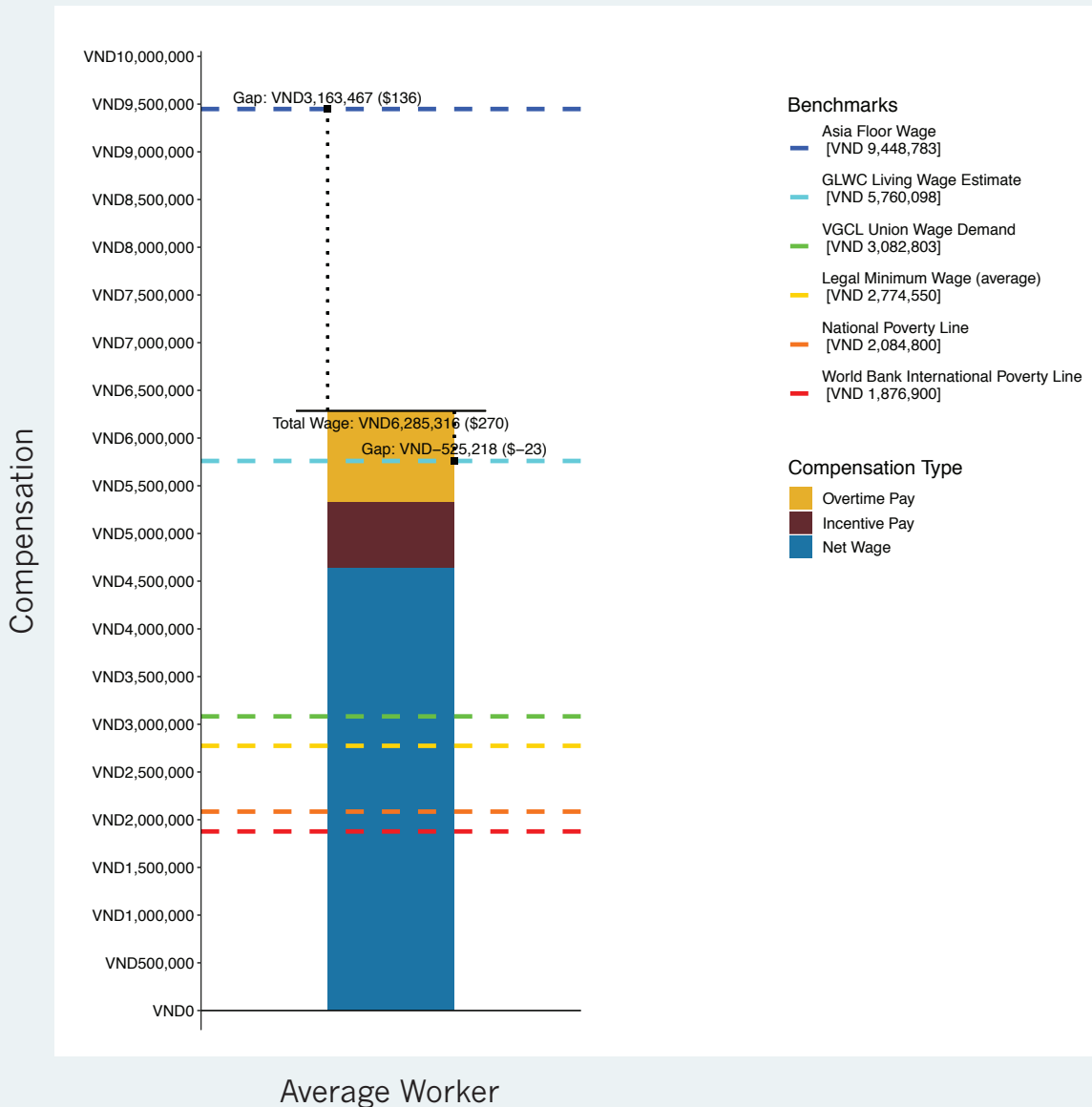


ladder, particularly pay that is earned fully or partially during overtime hours. Incentive pay, some of which is earned during overtime, accounts for VND 684,221, or 10 percent, of the total wage. This lessens but does not resolve the overall wage gap. Meanwhile, overtime pay accounts for VND 959,470, or 15 percent, of the average worker’s total wage, and brings the average worker’s wage above the Global Living Wage Coalition benchmark by VND

525,218. Thus, the only way many workers can earn a fair level of compensation is to work significant, even excessive, overtime hours. The reliance on overtime significantly impacts workers’ quality of life and their ability to provide for themselves and their families.

The average wage in FLA affiliate factories in Vietnam is well above the World Bank International Poverty Line, the National

**FIGURE B: AVERAGE VIETNAMESE WORKER: TOTAL WAGE**



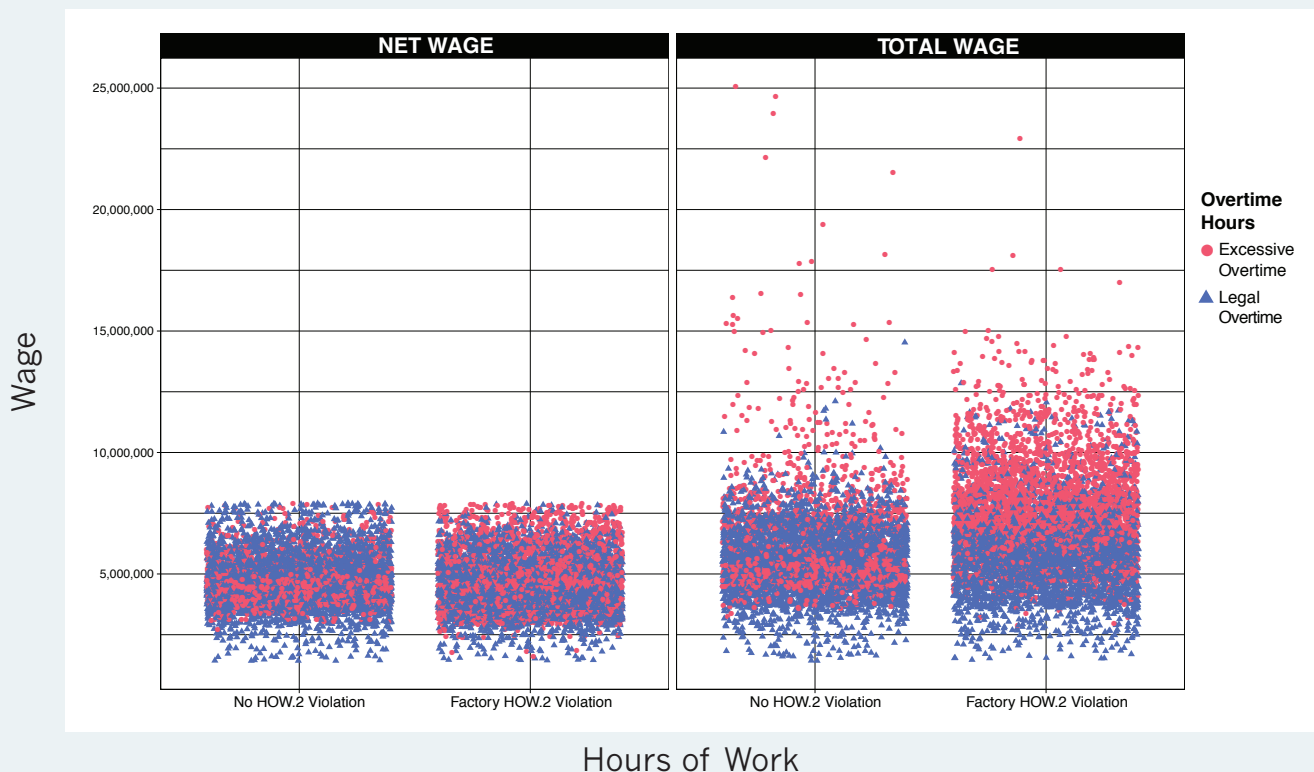


Poverty Line, and the legal minimum wage. In fact, the average worker in the FLA sample makes significantly more than double the minimum wage. At first glance, this appears to indicate progress towards fair compensation for workers. However, our comparison shows that none of Vietnam’s regional minimum wages meet even the lowest living wage benchmark.<sup>xxii</sup> While this suggests that more advocacy is needed to bring the minimum wage to acceptable levels, it also indicates that market forces may be a stronger determinant of actual worker wages than the legal minimum wage alone.

The fact that both overtime and incentive pay (in part) are earned during overtime hours is crucial to understanding how these

FLA BENCHMARKS: HOURS OF WORK		
BENCHMARK CODE	TITLE	LANGUAGE
HOW.2	Rest Day	Workers shall be entitled to at least 24 consecutive hours of rest in every seven-day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.
HOW.3	Meals/ Rest Breaks	Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national laws.
HOW.8	Forced Overtime	<p><b>HOW.8.1</b> Employers shall not require workers to work more than the overtime hours allowed by the law of the country where the workers are employed.</p> <p><b>HOW.8.2</b> All overtime work shall be consensual.</p> <p><b>HOW.8.3</b> Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.</p> <p><b>HOW.8.4</b> Employers shall demonstrate a commitment to reduce overtime.</p> <p><b>HOW.8.5</b> Employers shall enact a voluntary overtime system, including for overtime mandated to meet exceptional circumstances.</p>

FIGURE C: WORKER PAY, OVERTIME, AND REST DAY VIOLATIONS

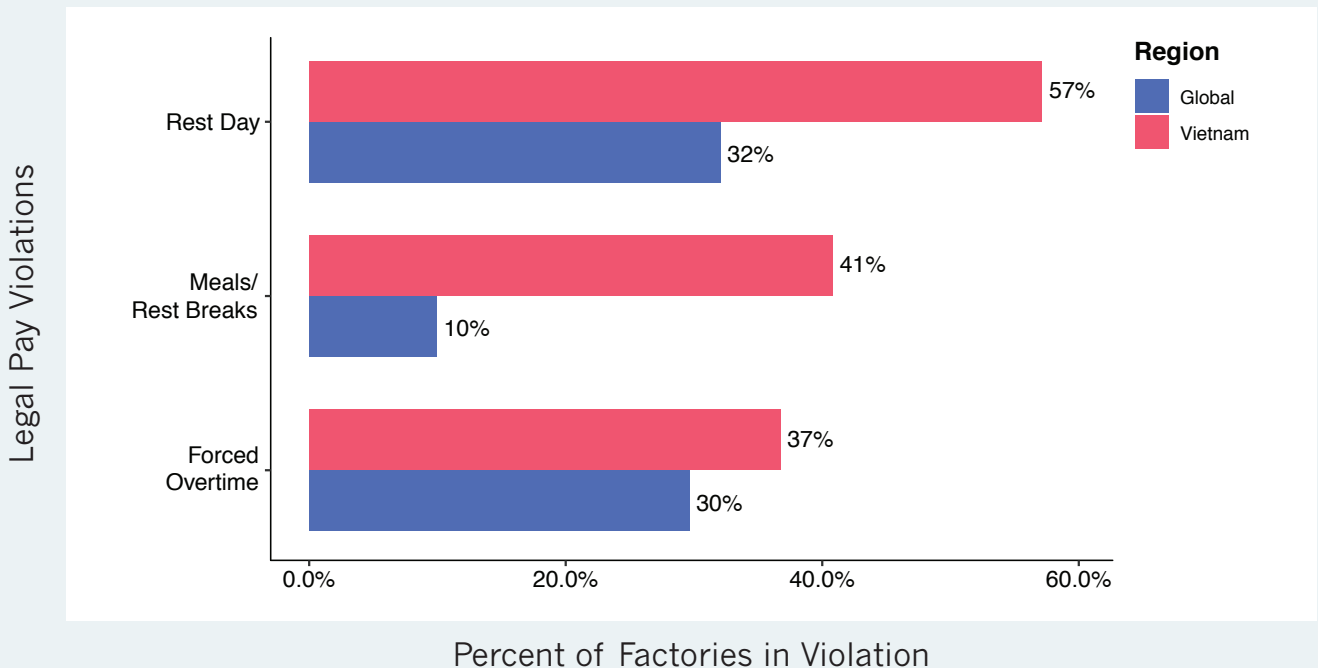




wage estimates impact the quality of life of garment workers in Vietnam. Not only do garment workers in Vietnam rely on overtime compensation to earn a living wage, they are also often required to work levels of overtime

that violate international standards and FLA Compliance Benchmarks (Figure C). Figure D indicates that Vietnamese workers are almost twice as likely to be denied a rest day, four times as likely to be denied a meal

**FIGURE D: HOURS OF WORK VIOLATIONS**



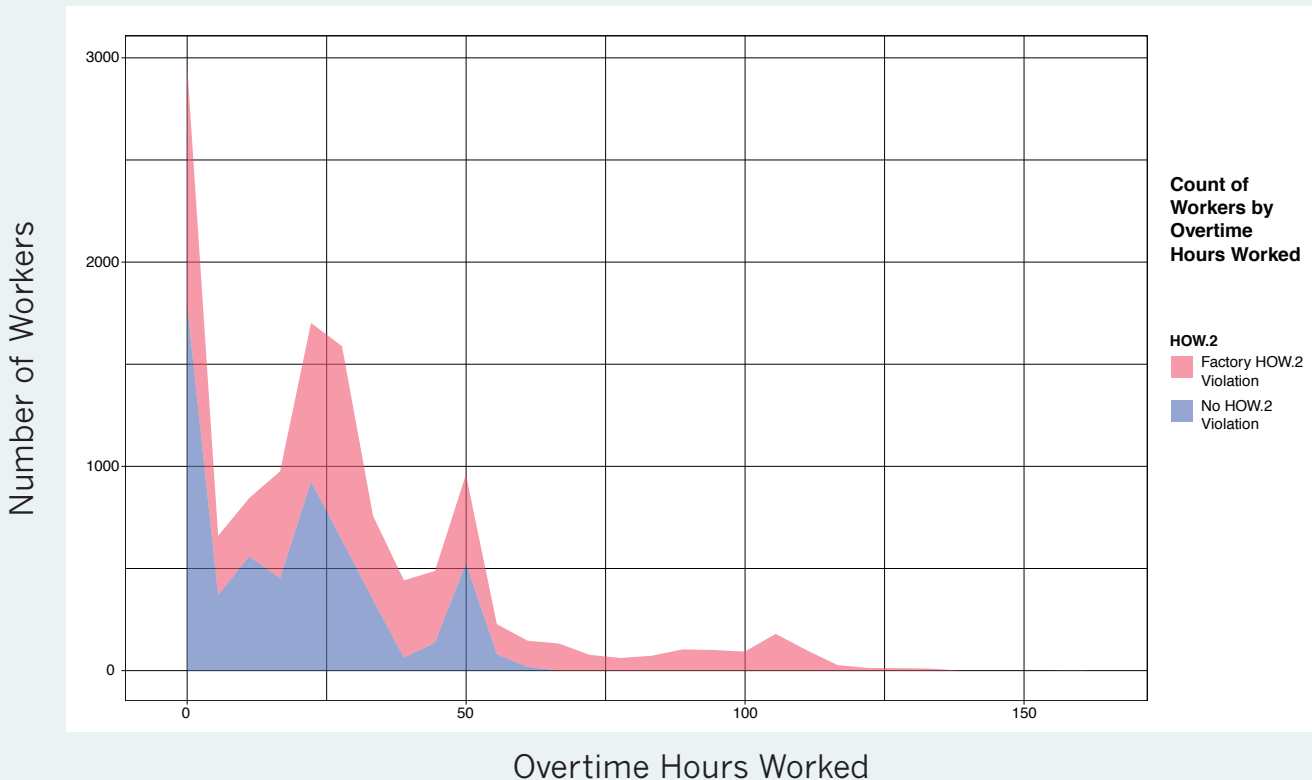
or rest break, and work overtime at a rate of seven percent greater than the global average.

Although individuals who work overtime may earn enough to meet their basic needs, it often comes with a cost to their safety and quality of life. FLA Benchmark HOW.2 states that workers are entitled to at least 24 consecutive hours of rest in every seven-day period.<sup>xiii</sup> Simply put, when workers do not receive a rest day, they earn more money; workers in factories with such rest day violations earn almost VND 1,000,000 more in take-home pay than workers in factories which consistently provide the required rest days. However, the workers who are denied rest days are almost twice as likely to work beyond the 25-hour

monthly legal limit for overtime hours, and they still earn the same net wage as their peers in a regular work week.

According to our sample, workers in facilities that deny rest days rely on overtime for 16 percent of their take home pay and incentive pay for another 11 percent — a total of 27 percent — of their take home pay. Workers who are allowed rest days rely on overtime for 8 percent and incentive pay for 7 percent, a total of 15 percent. The impact of the overreliance on incentive and overtime pay is stark. Most workers in facilities without HOW.2 violations work within the legal overtime restriction, but almost all workers in facilities with rest day violations work more than 50 hours of overtime a month (Figure E).

**FIGURE E: OVERTIME HOURS AND REST DAY VIOLATIONS**



## RECOMMENDATIONS AND CONCLUSIONS

**The FLA's data show** that although the average worker in FLA affiliate factories in Vietnam earns more than double the minimum wage, a worker would need a pay increase of almost 25 percent to adequately provide for themselves and their family according to the Global Living Wage Coalition benchmark. Those workers who earn an adequate wage can do so only through long hours and excessive days of work without rest, in clear violation of international standards.

While all of the regional legal minimum wages in Vietnam fall well above the World Bank Poverty line, none meet even the lowest living wage benchmark. Advocacy at the sectoral level would undoubtedly help to increase minimum wages. Industry-wide initiatives such as ACT (Action, Collaboration, Transformation), which brings together government, unions, and apparel brands, are gaining momentum in other countries to leverage brand influence alongside union advocacy to push for positive change. Such an approach might benefit workers in Vietnam.

In addition to advocacy, brands and suppliers have an essential role to play in ensuring that workers earn fair compensation. Often a brand may be only one of a few placing orders with a manufacturing facility, so may lack sufficient leverage to singlehandedly change pricing structures and wages. Still, there is an enormous amount a brand can do individually. First, brands can avoid harsh negotiating tactics that may lead to razor-thin margins. In a recent survey conducted by Better Buying, 55.4 percent of global

suppliers indicated that they had been affected by high-pressure cost negotiation strategies.<sup>xxiv</sup> The pressure to keep prices low contributes to a system in which worker pay is consistently inadequate.

Second, companies can review their costing policies to be sure that they are accounting for fair compensation. Multi-year wage data collection exercises, like those undertaken by individual FLA companies using the FLA Wage Data Collection Tool, provide the data needed to inform costing discussions in geographic areas where worker pay is most dire. When brands understand the wage gap in any given country or facility, they can calculate the actual costs of providing a living wage and incorporate those costs into their discussions with suppliers. Isolating the cost of fair compensation and developing mechanisms to ensure that this cost is accounted for are essential components of providing fair compensation for workers.

In addition, brands and suppliers must plan their production cycles to allow for a regular work week without assuming that employees will work overtime. The FLA's 2018 report "Toward Fair Compensation in Bangladesh" found a correlation between poor production planning and a host of problems including low net wages and longer overtime hours.<sup>xxv</sup> Adequate production planning takes a great deal of communication within and between organizations and carries some risk, as under-booking can mean empty production lines and over-booking could lead to unauthorized subcontracting. Additionally, it requires adjusting wages to allow for fair compensation

within a regular work week, as well as ongoing communication around changes to pay systems. Brands can contribute to effective planning at the factory level by committing to adequate lead times and avoiding last minute order changes, as both can affect a factory's ability to adhere to a regular work week.<sup>xxvi</sup>

Increased transparency, better planning, and improved efficiency can go a long way toward improving worker wages. The difficult truth is that all potential solutions involve some

monetary cost that must ultimately be shared by brands, suppliers, and consumers. As such, all stakeholders — including civil society organizations, universities, and other consumer groups — have a significant role to play as advocates and educators of worker rights and worker well-being. The wage data in this report show a significant gap between what workers earn and what they need, and we must take positive action to ensure that workers' rights to fair compensation are realized. ■

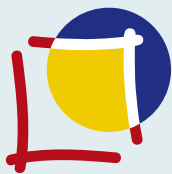


# END NOTES

- i The FLA Code of Conduct states that “every worker has a right to compensation for a regular work week that is sufficient to meet the workers’ basic needs and provide some discretionary income.” All FLA affiliated brands are required to align their internal codes of conduct to this standard.
- ii Akter, Akhi. “Vietnamese textile and apparel industry moving towards US\$50 billion by 2020.” *Textile Today*, February 3, 2018. <https://www.textiletoday.com.bd/vietnamese-textile-apparel-industry-moving-towards-us50-billion-2020/>
- iii Akter, Akhi. “Vietnamese textile and apparel industry moving towards US\$50 billion by 2020.” *Textile Today*, February 3, 2018. <https://www.textiletoday.com.bd/vietnamese-textile-apparel-industry-moving-towards-us50-billion-2020/>
- iv According to FLA definitions, Tier One is composed of suppliers who produce finished goods for companies. These suppliers may be sourced directly or indirectly. Further definitions online: [http://www.fairlabor.org/sites/default/files/supply\\_chain\\_mapping\\_glossary\\_nov2018.pdf](http://www.fairlabor.org/sites/default/files/supply_chain_mapping_glossary_nov2018.pdf)
- v According to the FLA report “Toward Fair Compensation in Global Supply Chains,” Vietnam ranks 14 among major apparel producing countries in terms of worker purchasing power. <http://www.fairlabor.org/report/toward-fair-compensation-global-supply-chains-factory-pay-assessments-21-countries>
- vi International Labour Organization. Ratifications for Viet Nam. Labour Standards. NORMLEX. Accessed February 12, 2019. [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO:P11200\\_COUNTRY\\_ID:103004](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO:P11200_COUNTRY_ID:103004)
- vii International Trade Union Confederation. 2018 ITUC Global Rights Index. <https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf>
- viii Vietnam Ministry of Labour, Invalids and Social Affairs, International Cooperation Department. Article 91. 2012 Labour Code. Labour – Social Affairs Publishing House. 2013. <https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/91650/114939/F224084256/VNM91650.pdf>
- ix WageIndicator 2019. Vietnam Minimum Wage – Frequently Asked Questions. WageIndicator.org. Accessed February 12, 2019. <http://www.wageindicator.org/salary/minimum-wage/vietnam/faqs-minimum-wages-in-vietnam>
- x WageIndicator 2019. Vietnam Minimum Wage – Frequently Asked Questions. WageIndicator.org. Accessed February 12, 2019. <http://www.wageindicator.org/salary/minimum-wage/vietnam/faqs-minimum-wages-in-vietnam>
- xi International Labour Organization. Vietnam. Labour Standards. NATLEX. Accessed February 12, 2019. [http://www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=94448](http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=94448)
- xii WageIndicator 2019. Vietnam Minimum Wage – Frequently Asked Questions. WageIndicator.org. Accessed February 12, 2019. <http://www.wageindicator.org/salary/minimum-wage/vietnam/faqs-minimum-wages-in-vietnam>
- xiii Vietnam Ministry of Labour, Invalids and Social Affairs, International Cooperation Department. Article 104. 2012 Labour Code. Labour – Social Affairs Publishing House. 2013. <https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/91650/114939/F224084256/VNM91650.pdf>
- xiv Vietnam Ministry of Labour, Invalids and Social Affairs, International Cooperation Department. Article 104. 2012 Labour Code. Labour – Social Affairs Publishing House. 2013. <https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/91650/114939/F224084256/VNM91650.pdf>
- xv International Monetary Fund. World Economic Outlook Database. World Economic and Financial Surveys. WEO Update, July 2018. Accessed February 12, 2019. <https://www.imf.org/external/pubs/ft/weo/2018/01/weodata/index.aspx>
- xvi Vietnam Briefing. “Vietnam Hikes Minimum Wages by 5.3 Percent in 2019.” Dezan Shira & Associates. Accessed February 12, 2019. <http://www.vietnam-briefing.com/news/vietnam-to-hike-minimum-wages-by-5-3-percent-in-2019.html/>
- xvii Anker, Richard. “Estimating a living wage: A methodological review.” Conditions of Work and Employment Series No. 29. International Labour Organization. August 31, 2011. [https://www.ilo.org/travail/whatwedo/publications/WCMS\\_162117/lang--en/index.htm](https://www.ilo.org/travail/whatwedo/publications/WCMS_162117/lang--en/index.htm)
- xviii “Basic Needs” is explicitly defined by the FLA as the minimum necessary for a worker and two dependents to have access to resources, including food, safe drinking water, clothing, shelter, energy transportation, education, sanitation facilities, and access to health care services.
- xix “What is a global living wage?” Global Living Wage Coalition. Accessed February 12, 2019. <https://www.globallivingwage.org/about/what-is-a-living-wage/>
- xx Anker, Richard and Martha. Living Wages Around the World. Edward Elgar Publishing. January 2017. [https://www.researchgate.net/publication/313890361\\_Living\\_wages\\_around\\_the\\_world\\_Manual\\_for\\_measurement](https://www.researchgate.net/publication/313890361_Living_wages_around_the_world_Manual_for_measurement)
- xxi Anker, Richard and Martha. “Overview of the Anker living wage methodology,” Chapter 2. Living Wages Around the World. Edward Elgar Publishing. January 2017. <https://www.elgaronline.com/view/9781786431455/chapter02.xhtml?pdfVersion=true>
- xxii Fair Wear Foundation. Vietnam. Accessed February 12, 2019. <https://www.fairwear.org/country/vietnam/>
- xxiii The full FLA benchmark HOW.2 states: “Workers shall be entitled to at least 24 consecutive hours of rest in every seven-day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.”
- xxiv Dickson, Marsha A. Better Buying Purchasing Practices Index Report Fall 2018: Purchasing Practices Performance in Apparel, Footwear, and Household Textile Supply Chains. Better Buying. 2018. [https://betterbuying.org/wp-content/uploads/2018/10/Better-Buying-Benchmark-Report\\_fall-2018.pdf](https://betterbuying.org/wp-content/uploads/2018/10/Better-Buying-Benchmark-Report_fall-2018.pdf)
- xxv Fair Labor Association. *Toward Fair Compensation in Bangladesh: Insights on Closing the Wage Gap*. April 2018. <http://www.fairlabor.org/bangladesh-2018>
- xxvi International Labor Office. Purchasing practices and working conditions in global supply chains: Global Survey results. INWORK Issue Brief No. 10. Accessed February 12, 2019. [https://www.ilo.org/wcmsp5/groups/public/--ed\\_protect/--protrav/--travail/documents/publication/wcms\\_556336.pdf](https://www.ilo.org/wcmsp5/groups/public/--ed_protect/--protrav/--travail/documents/publication/wcms_556336.pdf)

## APPENDIX A

VIETNAM WAGE BENCHMARK DATA				
BENCHMARK	METHODOLOGY	CALCULATION NOTES	SOURCE	MONTHLY VALUE
<b>World Bank International Poverty Line</b>	<ul style="list-style-type: none"> <li>The World Bank International Poverty Line is International dollar 2011 PPP\$3.10/day</li> <li>The daily rate is then converted into a monthly basis, assuming two consumption units and one earner</li> <li>This figure is then adjusted using the World Bank's PPP conversion rate (based on private consumption) and the IMF's World Economic Outlook CPI</li> </ul>	<ul style="list-style-type: none"> <li>On an average month (365/12), 2011 PPP\$3.10/day is 2011 PPP\$94.29 per month per person</li> <li>For two adult consumption units (ACU), the poverty line is 2011 PPP\$188.58 per month</li> <li>According to the World Bank, the 2011 PPP conversion rate (based on private consumption) is 7624.97</li> <li>Converting from PPP to local currency, the poverty line is VND 1,437,942.89 in 2011</li> <li>According to the IMF's WEO, 2011 CPI is 188.58 and 2017 CPI is 258.89</li> <li>Adjusting for inflation, the World Bank International Poverty Line is VND 1,876,899.67 in 2017</li> </ul>	World Bank 2011	VND 1,876,899.67
<b>National Poverty Line</b>	<ul style="list-style-type: none"> <li>The World Bank's Vietnam Country Office published a monthly poverty line based on consumption expenditure data from the World Bank's General Statistics Office in 2012</li> <li>The Vietnam Country Office's research establishes a VND 871,308 monthly national poverty line</li> </ul>	<ul style="list-style-type: none"> <li>For two adult consumption units (ACU), the poverty line is 2012 VND 1,742,616 per month</li> <li>According to the IMF's WEO, 2012 CPI is 216.396 and 2017 CPI is 258.888</li> <li>Adjusting for inflation, the national poverty line is VND 2,084,799.95</li> </ul>	World Bank Group, Vietnam Country Office, 2015 <a href="https://openknowledge.worldbank.org/bitstream/handle/10986/21691/949390WP00PUBL0m0Feb0201500PUBLIC0.pdf?sequence=1">https://openknowledge.worldbank.org/bitstream/handle/10986/21691/949390WP00PUBL0m0Feb0201500PUBLIC0.pdf?sequence=1</a>	VND 2,084,799.95
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>Vietnam sets region-based minimum wages for workers</li> <li>Below are the gross legal minimum wages for 3 regions: Region 1 (Hanoi/Ho Chi Minh): VND 3,500,000 Region 2 (Rural Hanoi/Hai Phong/Hai Duong/Hung Yan): VND 3,100,000 Region 3 (Provincial Cities): VND 2,700,000</li> </ul>	<ul style="list-style-type: none"> <li>No tax payable, besides social security and insurance deductions at 10.5% of gross pay Region 1: 3,132,500 Region 2: 2,774,500 Region 3: 2,416,650</li> </ul>	Vietnam Ministry of Labor, 2015 <a href="http://www.molisa.gov.vn/en/Pages/Detail-document.aspx?vID=652">http://www.molisa.gov.vn/en/Pages/Detail-document.aspx?vID=652</a>	Region 1: 3,132,500 Region 2: 2,774,500 Region 3: 2,416,650
<b>VGCL Union Wage Demand</b>	<ul style="list-style-type: none"> <li>Trade Union VGCL conducts annual surveys of minimum living needs to determine their proposal for the new minimum wage.</li> <li>The Vietnam General Confederation of Labour (VGCL) has called for a 11.11% increase to all 2016 regional minimum wages based on its most recent survey</li> <li>They estimate that raising the minimum wage by this amount will meet up to 92.85% of minimum acceptable living standards. The different regional figures according to the VGCL should be the following: Region 1 (Hanoi/Ho Chi Minh): VND 3,888,850 Region 2 (Rural Hanoi/Hai Phong/Hai Duong/Hung Yan): VND 3,444,410 Region 3 (Provincial Cities): VND 2,999,970</li> </ul>	<ul style="list-style-type: none"> <li>No Tax payable, besides social security and insurance deductions at 10.5% of gross pay Region 1: 3,480,520.75 Region 2: 3,082,746.95 Region 3: 2,684,973.15</li> </ul>	Việt Nam News, 2016 <a href="http://vietnamnews.vn/society/299950/no-consensus-on-wage-increase-in-the-region.html#Lob4iVQLG0dayXOC.97">http://vietnamnews.vn/society/299950/no-consensus-on-wage-increase-in-the-region.html#Lob4iVQLG0dayXOC.97</a>	Region 1: 3,480,520.75 Region 2: 3,082,746.95 Region 3: 2,684,973.15
<b>GLWC Living Wage Estimate</b>	<ul style="list-style-type: none"> <li>The Global Living Wage Coalition (GLWC – hosted by ISEAL Alliance) have calculated a living wage for garment workers in Urban Ho Chi Minh City.</li> <li>The calculation is based on a survey of the local cost of acceptable minimum levels of food (based on a model local diet), quality of housing, and other costs including healthcare and education.</li> <li>The calculation is based on the assumption that the average family has 4 members (2 adults and 2 children) and 1.78 full-time earners.</li> <li>The gross living wage for urban Ho Chi Minh City is therefore calculated as VND 6,435,864 per household per month</li> <li>The official net living wage (take home pay) set out in the report is VND 5,760,098</li> </ul>	<ul style="list-style-type: none"> <li>No changes were made by FLA staff to GLWC Living Wage Estimate</li> </ul>	Global Living Wage Coalition, 2016 <a href="https://www.isealliance.org/sites/default/files/resource/2017-12/Vietnam_Ho_Chi_Minh_City_Infographic.pdf">https://www.isealliance.org/sites/default/files/resource/2017-12/Vietnam_Ho_Chi_Minh_City_Infographic.pdf</a>	VND 5,760,098
<b>Asia Floor Wage</b>	<ul style="list-style-type: none"> <li>The Asia Floor Wage Alliance's Asia Floor Wage figure (latest revision found from 2017 - PPP\$1181) is based on a 3000 kcal diet for a three-adult-equivalent household with a single earner, based on East and Southeast Asian countries and applicable to manufacturing industries</li> <li>The figure assumes that 50% of monthly income is spent on food, 40% is spent on non-food necessities (clothing, housing, travel costs, children's education, and health costs), and 10% is proportioned for discretionary spending.</li> <li>In order to obtain a net figure, [DEDUCTIONS]</li> </ul>	<ul style="list-style-type: none"> <li>Using the 2017 figure (PPP\$1181) and the World Bank's latest China conversion factor for PPP\$ (9008.690; based on private consumption), the gross figure for 2017 is VND 10,639,262.89</li> <li>Income tax is applied on a monthly basis, with an automatic VND 9,000,000 per month standard deduction for gross income</li> <li>The taxable income for a worker making the Asia Floor Wage is VND 1,639,262.89 (10,639,262.89 - 9,000,000), taxed at a rate of 5%</li> <li>After tax income is VND 10,557,299.75 (1,639,262.89 * .95 + 9000000)</li> <li>Social security and insurance deductions have been deducted at a rate of 10.5% (10557299.75 * .105 = VND 9,448,783.27)</li> </ul>	Asia Floor Wage Alliance <a href="https://asia.floorwage.org/what">https://asia.floorwage.org/what</a>	VND 9,448,783.27



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