CHINA BIWEEKLY

RMB Internationalization Business Promotion Office
Global Business Division

October 11th 2019

■ BIWEEKLY DIGEST

[Economy]

- **World Bank, China Development Research Center: Chinese Economy at Crossroads, Innovation is Key to Growth**
- **Opinions on Promoting Sports Industry Development to Increase Consumption and Promote National Fitness**
- **Some Regions to Ease Restrictions on Car Purchases to Boost Consumer Auto Spending**
- **September Manufacturing PMI Rises 0.3 Point Month-on-Month (MoM) to 49.8, Remaining Below 50 as Before**

[Industry]

- **August Home Prices for 70 Medium- and Large-Sized Cities: 55 Cities with Month-on-Month (MoM) Growth, YoY Growth in All 70**

[Trade/Investment]

- **U.S Punitive Tariffs on China: Exemption of 437 Additional Product Categories Announced**
- **August Inward Foreign Direct Investment (FDI) Increases 0.3% Year-on-Year (YoY): Lowest Growth this Year**
- **Minimum Wage Raise Announced in Hunan, Hebei, Liaoning, and Guizhou**

[Economy]

◆ World Bank, China Development Research Center: Chinese Economy at Crossroads, Innovation is Key to Growth

The World Bank Group (WBG) and the Chinese Development Research Center of the State Council (DRC) released a joint report on September 17 titled Innovative China: New Drivers of Growth. The report stated that the growth of the Chinese economy has been dependent on large-scale investment and a rapid population shift from farmlands to cities, and growth that relies on these drivers is no longer sustainable. It expressed that China's growth is at a crossroads and the key to future growth lies in increasing productivity through developing innovation.

The report stated that China's GDP per capita was one quarter of the OECD-member country average, and the total factor productivity (based on factors including the capital for increasing production, technological progress excluding labor, and economic efficiency) is only half of the OECD average. It indicated that if China wants to join the clique of high-income countries, it is crucial that the country boosts its productivity. It suggested the following three specific reforms for this purpose.

<"The Three D's": Reforms Necessary to Boost Productivity>

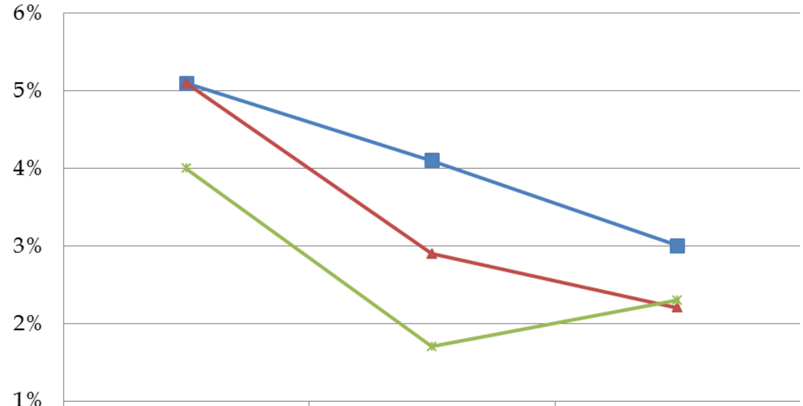
[1. Distortion correction] Correct the distortion in the allocation of resources including land, labor, and funds, promoting fair market competition.

[2. Diffusion] Accelerate the diffusion of advanced existing technologies and the products of innovation across the entire nation.

[3. Discovery] Discover new technologies and develop unique products.

The report also presented scenarios regarding the growth outlook of the Chinese economy taking the level of advancement of the three reforms into account. With the current growth rate at 6%, if comprehensive reforms were enacted in the three fields, the growth rate would only slow down moderately, to 4.1% in the 2030s and 3.0% in the 2040s. On the other hand, with limited reforms the economy would see a rapid slowdown to 1.7% in the 2030s.

<Projected Chinese Economic Growth Rate through 2050 Depending on Level of Reforms>



	2021–30	2031–40	2041–50
Scenario 1: Comprehensive reforms	5.1%	4.1%	3.0%
Scenario 2: Moderate reforms	5.1%	2.9%	2.2%
Scenario 3: Limited reforms	4.0%	1.7%	2.3%

Source: Created based on the joint report by the WBG and the NRC *Innovative China: New Drivers of Growth* (released September 17, 2019)

◆Opinions on Promoting Sports Industry Development to Increase Consumption and Promote National Fitness

On September 17, the State Council released a circular called "the Opinions on Promoting National Fitness and Sport Consumption and Facilitating High-Quality Development of the Sports Industry" (Guo Ban Fa [2019] No. 43). While encouraging people to participate in sports and fitness activities on a regular basis, the circular calls for establishing the sports industry as a pillar of the national economy through securing the necessary resources to further stimulate potential consumption demand. The circular sets 10 policies consisting of 35 articles including designating pilot cities for promoting sports-related consumption, the development of a sports industry infrastructure and environment, and the enhancement of support for relevant companies.

<Summary of "the Opinions on Facilitating High-quality Development of the Sports Industry">

Encourage consumption

- ✓ Designate pilot cities for promoting sports consumption. Conditions influencing selection include locally established plans for the sports industry, the availability of sites for sports facilities, the number of people engaged in sports, etc.
- ✓ Enhance local sports events that the general public can participate in.
- ✓ Create an environment that allows all people to stay fit ("fitness sites located within a 15-minute distance in everyday life").

Expand facilities and sites

- ✓ Enhance support in local land-use planning for expanding construction sites related to the sports industry.
- ✓ Consider utilizing land in rural areas for the sports industry.

Support for enterprises

- ✓ Provide sports-related companies with preferential treatment such as tax breaks for research and development cost. Implement preferential taxation for fixed assets and land use related to sports facilities.
- ✓ Encourage financial institutions to provide loans secured by sales receivables/intellectual property rights, etc. to sports-related companies.
- ✓ Consider establishing a national investment fund for the sports industry.

Improve the structure of the sports industry

- ✓ Promote the cultivation of prestigious sporting goods companies and independent brands in collaboration with various sporting organizations and companies.
- ✓ Promote the application of smart manufacturing using big data and artificial intelligence in fields in the sports industry.
- ✓ Focus on developing professional sports leagues. Find star athletes and create market value.
- ✓ Promote construction plans for winter sports venues to achieve the goals of increasing the size of the winter sports market to RMB 800 billion and the population involved in winter sports to 300 million by 2022.
- ✓ Develop the sports industry focusing on the following regions to cultivate highly influential sports cities: the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Hainan, etc.
- ✓ Make development plans for winter, mountain/outdoor, marine, and sky sports utilizing the characteristics of natural resources in each region.
- ✓ Promote "Sports Plus" – create new business models that combine sports with other industries such as medical care, travel, or education.

Source: Created based on announcements from the State Council

In January of this year, the National Development and Reform Commission and the General Administration of Sport jointly released the 2019-2020 action plan to increase consumer spending in the sports industry in China, aiming to hit RMB 1.5 trillion by 2020. The plan offers guidelines on promoting water and mountain sports as consumption drivers, taking advantage of the 2022 Beijing Winter Olympic Games to popularize winter sports, and reforming organizations for the professional soccer and basketball leagues.

On September 2, the State Council issued an "outline for building a leading sports nation" outlining objectives, missions, and policies to develop China into a "sports leader." The goals to be achieved by 2035 include raising the proportion of people engaged in sports to 45%, ensuring sports facilities of 2.5 square meters per capita, and raising the number of people who meet the national standard for physical fitness to 92%, all aiming to improve the health and physical fitness of the Chinese people, enhance China's power and global presence in competitive sports, and achieve high-quality development of the sports industry.

This represents the strong expectation for a new economic growth engine to increase consumption and investment in sports-related industries along with encouraging people to stay fit and promote health with sport activities as an effort to develop "Healthy China," a medium- to long-term national strategy based on "national fitness."

◆Some Regions to Ease Restrictions on Car Purchases to Boost Consumer Auto Spending

In an effort to address traffic congestion and air pollution, China has been restricting car purchases by limiting the number of newly-issued license plates with set quotas, mostly in major cities including Shanghai and Beijing. Meanwhile, there have recently been many cases where the authorities have eased those restrictions. Amid the rapid deceleration of the Chinese auto market with the number of new vehicles sold during the January-August period this year falling 11.0% year-on-year, Beijing issued circulars in June and August* which prohibited local governments from issuing new restrictions on car purchases in an effort to boost consumption, and asked local governments where such restrictions already exist to ease them in accordance with improvement seen in traffic congestion and air pollution. Recent relaxation of local regulations is seen as the local governments' response to these central government policies.

*"The Implementation Plan for Promoting the Upgrading of Key Consumer Goods and the Recycling of Resources (2019-2020)" jointly released by the National Development and Reform Commission, the Ministry of Ecology and Environment, and the Ministry of Commerce on June 6, 2019.

"Opinions on Accelerating the Development of Circulation Industry and Promoting Consumer Spending" (Guo Ban Fa [2019] No. 42) released by the General Office of the State Council on August 27, 2019.

Specifically, Guangzhou and Shenzhen in Guangdong Province expanded the local quotas by 100,000 and 80,000 license plates respectively for the period from June 2019 to December 2020. Guangzhou also announced that they would add another 10,000 to be issued exclusively in the month of September. Hainan Province announced that they would also expand the existing quota on a monthly basis as necessary between August and December 2019. Furthermore, Guiyang in Guizhou Province announced that they were going to remove the license plate issuance quota completely from September 2019, becoming the first city to abolish such a restriction.

Among eight regions subject to the restricted issuance of license plates, four have already announced relaxation measures. The others are also expected to follow this trend going forward.

<Regions Implementing Restricted Issuance of Passenger Vehicle License Plates / Recent Status of Relaxation>

Region	Before the relaxation				After the relaxation		Number of vehicles owned per 1,000 people (2018) *2
	Introduced in	Issuance method	Annual issuance (in thousand): Gasoline vehicles Hybrid vehicles	Annual issuance (in thousand): New Energy Vehicles *1	Announced in	Overview	
Shanghai	Jul 1994	Auction	100	Unlimited	-	-	162
Beijing	Jan 2011	Lottery	40	60	-	-	267
Guiyang	Jul 2011	Lottery	24	Unlimited	Sep 2019	- The quota for license plate issuance will be abolished from September 2019.	237
Guangzhou	Jul 2012	Auction + lottery	Gasoline vehicles: 108 Hybrid vehicles: 12	Unlimited	Jun 2019	- From June 2019 to December 2020, a total of 100,000 license plates is being added on top of the quota, including 50,000 each for gasoline and hybrid vehicles.	161
					Sep 2019	- 10,000 license plates for gasoline vehicles added to the quota for September 2019 only.	
Tianjin	Dec 2013	Auction + lottery	Gasoline vehicles: 90 Hybrid vehicles: 10	Unlimited	-	-	191
Hangzhou	May 2014	Auction + lottery	80	Unlimited	-	-	294
Shenzhen	Dec 2014	Auction + lottery	Gasoline vehicles: 80 Hybrid vehicles: Unlimited	Unlimited	Jun 2019	- Additions to the quota for gasoline vehicles: 40,000 units for the June-December period in 2019, and 40,000 units throughout the year of 2020.	258
Hainan Province	Aug 2018	Auction + lottery	80	Unlimited	Aug 2019	- Additions will be made as necessary during the period from August to December.	136

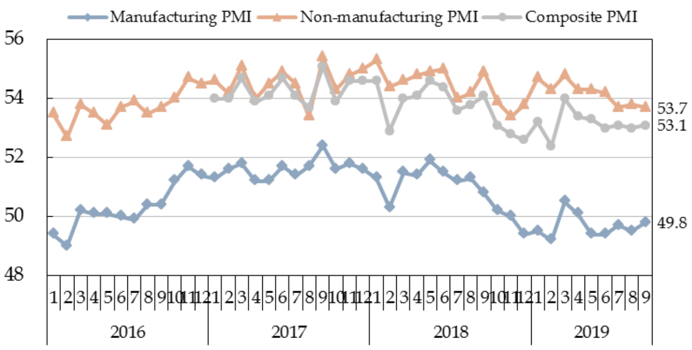
Source: Created based on local government announcements and news reports.

*1 New energy vehicles (NEVs) include electronic vehicles (EVs), plug-in hybrid vehicles (PHVs), and fuel cell vehicles (FCVs), and do not include hybrid vehicles (HVs).

*2 Calculated based on the population and the number of vehicles owned as of the end of 2018 (except for Guangzhou, where the figures as of the end of 2017 are used).

◆September Manufacturing PMI Rises 0.3 Point Month-on-Month (MoM) to 49.8, Remaining Below 50 as Before

[Fig. 1] PMI Trends



Source: Created based on data released by the NBS and the CFLP
Note: Composite PMI has been released since 2017.

[Fig. 2] Trends of Major Components in the Manufacturing PMI

		Manufacturing PMI	Production	New orders	New export orders	Raw materials prices	Imports	Employment	Expected production and
2018	Jan	51.3	53.5	52.6	49.5	59.7	50.4	48.3	56.8
	Feb	50.3	50.7	51.0	49.0	53.4	49.8	48.1	58.2
	Mar	51.5	53.1	53.3	51.3	53.4	51.3	49.1	58.7
	Apr	51.4	53.1	52.9	50.7	53.0	50.2	49.0	58.4
	May	51.9	54.1	53.8	51.2	56.7	50.9	49.1	58.7
	Jun	51.5	53.6	53.2	49.8	57.7	50.0	49.0	57.9
	Jul	51.2	53.0	52.3	49.8	54.3	49.6	49.2	56.6
	Aug	51.3	53.3	52.2	49.4	58.7	49.1	49.4	57.0
	Sep	50.8	53.0	52.0	48.0	59.8	48.5	48.3	56.4
	Oct	50.2	52.0	50.8	46.9	58.0	47.6	48.1	56.4
	Nov	50.0	51.9	50.4	47.0	50.3	47.1	48.3	54.2
	Dec	49.4	50.8	49.7	46.6	44.8	45.9	48.0	52.7
2019	Jan	49.5	50.9	49.6	46.9	46.3	47.1	47.8	52.5
	Feb	49.2	49.5	50.6	45.2	51.9	44.8	47.5	56.2
	Mar	50.5	52.7	51.6	47.1	53.5	48.7	47.6	56.8
	Apr	50.1	52.1	51.4	49.2	53.1	49.7	47.2	56.5
	May	49.4	51.7	49.8	46.5	51.8	47.1	47.0	54.5
	Jun	49.4	51.3	49.6	46.3	49.0	46.8	46.9	53.4
	Jul	49.7	52.1	49.8	46.9	50.7	47.4	47.1	53.6
	Aug	49.5	51.9	49.7	47.2	48.6	46.7	46.9	53.3
	Sep	49.8	52.3	50.5	48.2	52.2	47.1	47.0	54.4

Source: Created based on data released by the NBS and the CFLP

On September 30, the National Bureau of Statistics (NBS) and the China Federation of Logistics & Purchasing (CFLP) announced that the September manufacturing PMI was 49.8 (up 0.3 point MoM) (Fig. 1). Despite the increase, the index remained below 50, the benchmark for judging the economy, for the fifth consecutive month.

By item, production increased 0.4 point MoM to 52.3. New orders rose 0.8 point MoM to 50.5, exceeding 50 for the first time in the last five months.

Regarding exports and imports, both new export orders and the index for imports showed an improvement of 1.0 point MoM to 48.2 and 0.4 point MoM to 47.1 respectively. However, they remained below 50 as before.

The expected production and business activities index, which indicates future business confidence, increased 1.1 points MoM to 54.4 (Fig. 2).

Manufacturing PMI by company size rose across the board from the previous month. The index was 50.8 for large companies (up 0.4 point MoM), 48.6 for medium-sized companies (up 0.4 point MoM), and 48.8 for small companies (up 0.2 point MoM). Meanwhile, the non-manufacturing PMI for September slightly decreased by 0.1 point MoM to 53.7 (Fig. 1). By industry, services increased 0.5 point MoM to 53.0, reversing a downward trend which had persisted for the last four months. However, the index for construction decreased by 3.6 points MoM to 57.6.

The composite PMI, a weighted average of the manufacturing and non-manufacturing PMIs that reflects the overall economic sentiment in China, increased 0.1 point MoM to 53.1 (Fig. 1).

[Industry]

◆August Home Prices for 70 Medium- and Large-Sized Cities: 55 Cities with Month-on-Month (MoM) Growth, YoY Growth in All 70

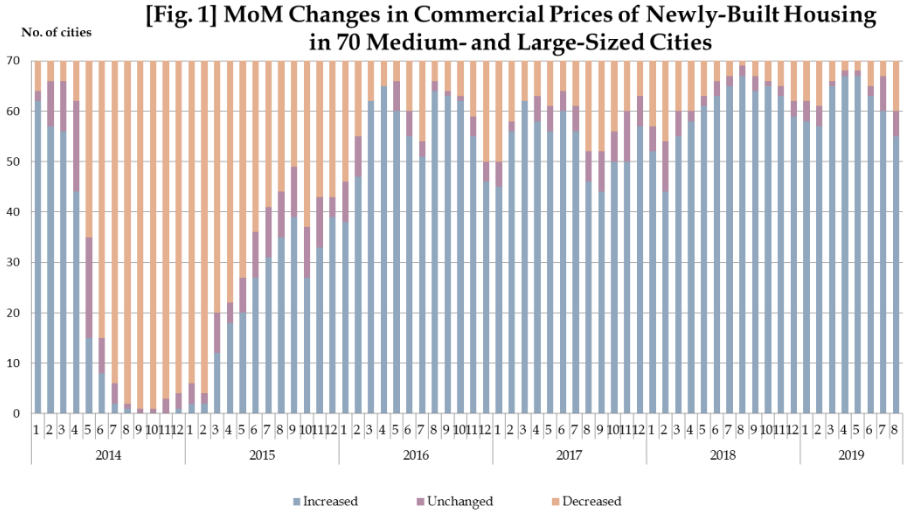
On September 17, the Chinese National Bureau of Statistics (NBS) released the housing price indices for 70 medium- and large-sized cities for August.

Sale prices for newly constructed residential buildings increased over the previous month in 55 cities. This is 5 cities fewer than last month, and the third month in a row that the number of cities that saw rises has decreased. The number of cities with falling prices increased from 7 cities in the previous month to 10 (Fig. 1). Despite this, all 70 cities experienced a YoY rise for the sixth consecutive month (Fig. 2).

Cities in which prices rose significantly MoM include Nanning (Guangxi Zhuang Autonomous Region), up 2.3%, and Hohhot (Inner Mongolia Autonomous Region), up 2.2%. Cities in which prices fell considerably MoM include Shaoguan (Guangdong Province), down 0.9%; Yichang (Hebei Provice) and Luzhou (Sichuan Province), both down 0.5%; and Urumqi (Xinjiang Uygur Autonomous Region), down 0.4%.

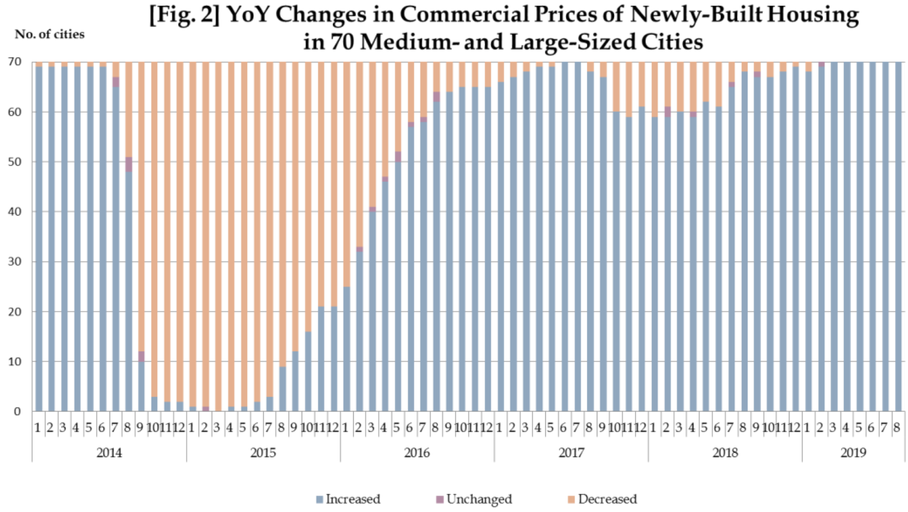
Cities which experienced substantial YoY growth include Xi'an (Shaanxi Province) at 22.3%, Dali (Yunnan Province) at 21.5%, and Hohhot at 19.5%. The cities of Xi'an and Dali in particular have been experiencing a long period of strong YoY growth, with Xi'an in its 12th month and Dali in its 8th month of YoY growth over 20%.

[Fig. 1] MoM Changes in Commercial Prices of Newly-Built Housing in 70 Medium- and Large-Sized Cities



Source: Created based on data published by the NBS.

[Fig. 2] YoY Changes in Commercial Prices of Newly-Built Housing in 70 Medium- and Large-Sized Cities



Source: Created based on data published by the NBS.

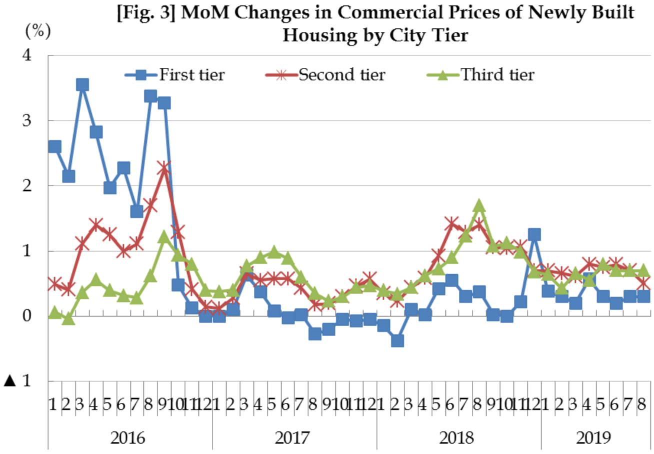
Comparing MoM growth by the size of the cities, first-tier cities* rose 0.3% and third-tier* cities 0.7%, the increase in both cases remaining unchanged from the last month. Second-tier cities* saw their growth contract, from 0.7% in the previous month to 0.5% (Fig. 3). Conversely, YoY growth shrank across the board, with first-tier cities growth decreasing from 4.3% to 4.2%, second-tier cities down from 10.7% to 9.9%, and third-tier cities down from 10.2% to 9.0% (Fig. 4).

*:First-tier cities: Beijing, Shanghai, Guangzhou, and Shenzhen

Second-tier cities: 31 cities including provincial capitals and sub-provincial cities

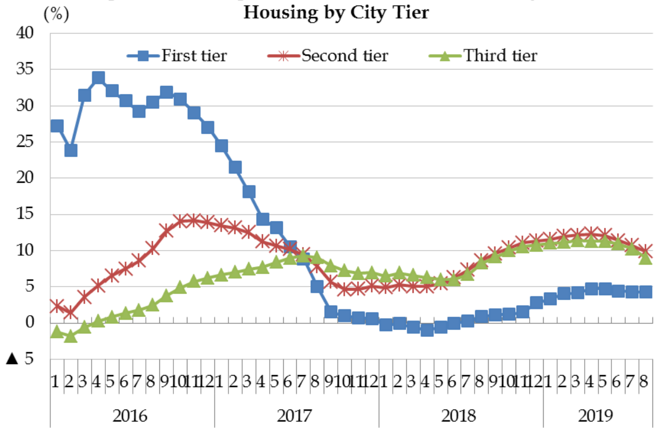
Third-tier cities: The 35 remaining cities of the 70, excluding the above first- and second-tier cities

[Fig. 3] MoM Changes in Commercial Prices of Newly Built Housing by City Tier



Source: Created based on data released by the NBS

[Fig. 4] YoY Changes in Commercial Prices of Newly Built Housing by City Tier



Source: Created based on data released by the NBS

[Trade/Investment]

◆U.S Punitive Tariffs on China: Exemption of 437 Additional Product Categories Announced

On September 20, the Office of the United States Trade Representative (USTR) announced that of the Chinese products subject to the first to third rounds of punitive tariffs against China (an additional 25% tariff on approximately USD 250 billion of Chinese goods), another 437 product categories* would be exempted. This is the ninth such exemption announcement since December 2018, bringing the total exempted product categories to 840. This was, however, the largest announcement of its kind (Fig. 1).

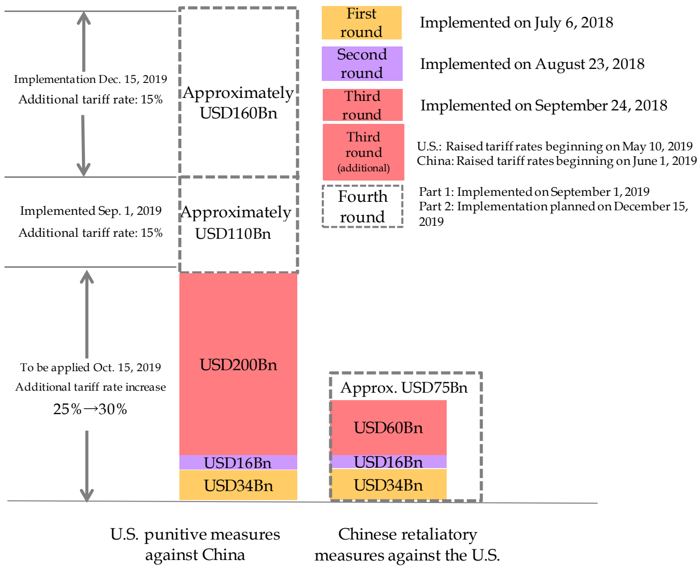
The product categories exempted this time span a wide range of steel products, computer parts, and plastic products, including generators, printed circuit boards, and connectors. These exemptions apply retroactively from the enforcement date of their respective tariff round and will be in effect for one year, except for the third round tariff exemptions. Those tariffs will be valid until August 7, 2020, in line with the previous announcement (Fig. 1).

[Fig. 1] Product Categories Exempted from U.S. Punitive Tariffs on China

	Announcement date	Tariff round concerned	No. of product categories exempt	Exemption period
1st	Dec. 28, 2018	1st round	31	Jul. 6, 2018 – Dec. 28, 2019
2nd	Mar. 25, 2019	1st round	33	Jul. 6, 2018 – Mar. 25, 2020
3rd	Apr. 18, 2019	1st round	21	Jul. 6, 2018 – Apr. 8, 2020
4th	May 14, 2019	1st round	40	Jul. 6, 2018 – May 14, 2020
5th	Jun. 4, 2019	1st round	89	Jul. 6, 2018 – Jun. 4, 2020
6th	Jul. 9, 2019	1st round	110	Jul. 6, 2018 – Jul. 9, 2020
7th	Jul. 31, 2019	2nd round	69	Aug. 23, 2018 – Jul. 31, 2020
8th	Aug. 7, 2019	3rd round	10	Sep. 24, 2018 – Aug. 7, 2020
9th (this time)	Sep. 20, 2019	1st round 2nd round 3rd round	310 89 } 437 38	Jul. 6, 2018 – Sep. 20, 2020 Aug. 23, 2018 – Sep. 30, 2020 Sep. 24, 2018 – Aug. 7, 2020

Source: Created based on announcements by the USTR.

[Fig. 2] Additional Tariffs Levied by the U.S. and China



Source: Created based on respective announcements by the U.S. and Chinese governments.

Meanwhile, according to a September 24 report from the Chinese state-run media agency Xinhua, the Chinese National Development and Reform Commission and the Ministry of Commerce (MOFCOM) are aware of the USTR announcement concerning the 437 product category exemptions, they will support Chinese companies in continuing to purchase specified quantities of agricultural products from the U.S. including soybeans and pork, and they will continue plans to roll back tariffs on these agricultural goods.

The next cabinet-level trade talks between the U.S. and China are scheduled to be held in Washington. in October.

* Details on the exempt product categories are posted on the following pages on the USTR website:

First round of tariffs on China:

https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/34-billion-trade-action

Second round of tariffs on China:

https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/16-billion-trade-action

Third round of tariffs on China:

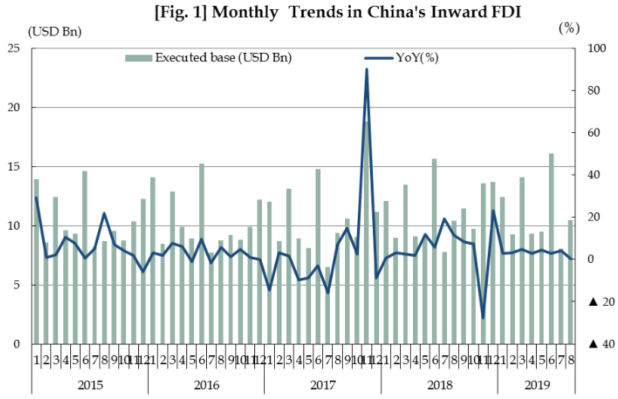
https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/200-billion-trade-action

◆August Inward Foreign Direct Investment (FDI) Increases 0.3% Year-on-Year (YoY): Lowest Growth this Year

<Inward FDI>

Accounting to an announcement by the Ministry of Commerce (MOFCOM) on September 17, inward FDI increased 0.3% YoY in August to USD 10.46 billion (July: up 4.1% YoY), with growth contracting compared to the previous month and resulting in the lowest growth rate this year (Fig. 1). The number of newly founded foreign companies also saw a significant drop, decreasing 40% YoY (July: down 30.6% YoY) to 3,654 companies.

[Fig. 1] Monthly Trends in China's Inward FDI



Source: Created based on data published by the MOFCOM

As for the January–August year-to-date total, FDI increased 3.2% YoY (Jan–Jul: up 3.6% YoY) at USD 89.26 billion, and the number of newly founded foreign companies declined 33.0% YoY for Jan–Aug (Jan–Jul: down 31.8% YoY) with a total of 27,704 companies established.

By country and region, investment from Japan for Jan–Aug rose 6.0% YoY* (Jan–Jul: up 8% YoY*) to USD 3.00 billion, marking the third consecutive month of declining growth since June. Investment from the U.S. for Jan–Aug dropped 15.6% YoY* (Jan–Jul: down 3.4% YoY*) to USD 2.16 billion, not only continuing the decline in growth which started in June but also expanding the margin of decline (Fig. 2). *Calculated by MUFG Bank based on inward FDI amounts released by MOFCOM.

Looking at other regions, while investment from the EU fell into negative territory, shrinking 5.4% YoY for Jan–Aug (Jan–Jul: up 13.2% YoY) to USD 6.31 billion, growth in investment from ASEAN countries ramped up with a 3.1% YoY increase for Jan–Aug (Jan–Jul: up 1.6% YoY) to USD 4.64 billion.

Examining the data by industry, investment in manufacturing continued to fall in comparison to last year's numbers, decreasing 4.6% YoY for Jan–Aug (Jan–Jul: down 1.5%) to USD 25.15 billion. On the other hand, the services industry was sound, with an increase of 7.6% YoY for Jan–Aug (Jan–Jul: up 5.8% YoY) to USD 62.93 billion.

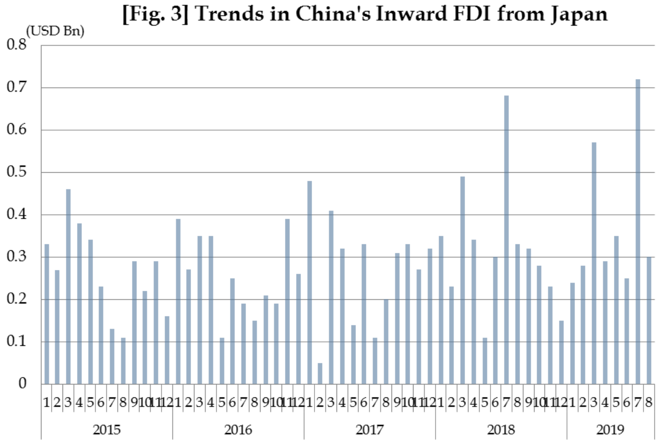
[Fig. 2] Top 10 Countries/Regions Contributing to China's Inward FDI for Jan–Aug 2019

Rank	Country/Region	Investment amount (USD Bn)	YoY (%)
1	Hong Kong	62.90	3.8
2	South Korea	4.52	40.8
3	Singapore	4.37	12.1
4	Taiwan	3.07	▲ 9.4
5	Japan	3.00	6.0
6	U.S.	2.16	▲ 15.6
7	U.K.	1.88	▲ 27.1
8	Germany	1.22	▲ 19.2
9	Macao	0.97	10.2
10	The Netherlands	0.87	7.4

Source: Created based on data published by the MOFCOM

Note: YoY calculated by MUFG Bank based on data published by the MOFCOM.

[Fig. 3] Trends in China's Inward FDI from Japan



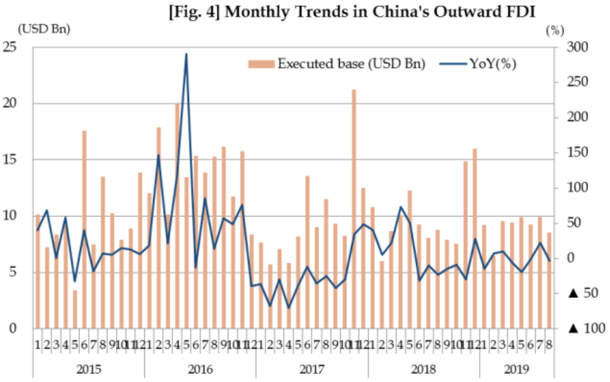
Source: Created based on data published by the MOFCOM

<Outward FDI>

According to the MOFCOM's September 17 announcement, the amount of outward FDI in August decreased 3.3% YoY* to USD 8.53 billion* (Fig. 4). The Jan–Aug outward FDI total decreased 2.5% YoY to USD 72.23 billion. *Calculated by MUFG Bank based on announcements by MOFCOM Looking by region, investment in Belt and Road countries for Jan–Aug saw a much greater drop than outward FDI overall, falling 6.4% YoY* to USD 8.97 billion. *Calculated by MUFG Bank based on announcements by MOFCOM

By industry, investment in wholesale and retail maintained positive figures for Jan–Aug, increasing 13.1% YoY. The same was true for investment in manufacturing, which rose 5.0% YoY for the period.

[Fig. 4] Monthly Trends in China's Outward FDI



Source: Created based on data published by the MOFCOM.
Note: YoY calculated by MUFG Bank based on data published by the MOFCOM.

◆Minimum Wage Raise Announced in Hunan, Hebei, Liaoning, and Guizhou

The provincial governments of Hunan, Hebei, Liaoning, and Guizhou provinces have all recently announced that they will raise their respective monthly minimum wages.

The minimum wage in Hunan will increase from RMB 1,580 to RMB 1,700 effective October 1. The increases in Hebei from RMB 1,650 to RMB 1,900 and in Liaoning from RMB 1,620 to RMB 1,810 will take effect on November 1. The minimum wage in Guizhou will increase from RMB 1,680 to RMB 1,790 effective December 1 (Fig. 1).

In addition to these four provinces, minimum wage raises were also seen this year in Chongqing, Shanghai, Shaanxi Province, and Beijing.

The highest minimum wage across all regions is found in Shanghai, at RMB 2,480, while the lowest is RMB 1,500 in Qinghai Province (Fig. 2).

[Fig. 1] Overview of Minimum Wage Revisions In Four Provinces

Province	Before revision	After revision	Increase
Hunan	RMB 1,580 (since Jul. 2017)	RMB 1,700 (from Oct. 2019)	7.6%
Hebei	RMB 1,650 (since Jul. 2016)	RMB 1,900 (from Nov. 2019)	15.2%
Liaoning	RMB 1,620 (since Jan. 2018)	RMB 1,810 (from Nov. 2019)	11.7%
Guizhou	RMB 1,680 (since Jul. 2017)	RMB 1,790 (from Dec. 2019)	6.5%

Source: Created based on announcements by local governments.

Note: Increase percentages are based on MUFG Bank calculations.

[Fig. 2] Highest and Lowest Minimum Wages by Region

Region	Minimum Wage
Highest	
Shanghai	RMB 2,480
Shenzhen, Beijing	RMB 2,200
Guangzhou	RMB 2,100
Lowest	
Gansu Province	RMB 1,620
Anhui Province	RMB 1,550
Qinghai Province	RMB 1,500

Source: Created based on announcements by local governments.