

Letter from: LAO NATIONAL CHAMBER OF COMMERCE AND INDUSTRY

Issue: 'The minimum salary regulation in Laos PDR'

Received by fax on 15 Aug11 (856 21) 26 39 73

Attention: All business Enterprises

Issue: 'The minimum salary regulation in Laos PDR'

According to the meeting between the Ministry of Labor and Social Welfare, the Party Central Committee and the Lao National Chamber of Commerce and Industry, held on 20 July 2011 concerning the minimum salary regulation in Laos PDR, the Lao National Chamber of Commerce and Industry would like to inform all the enterprises concerned as below:

1. The agreement on the increase in the minimum salary for the employees as below:

The based salary: 16.000 Kip/day ->416.000 Kip/month (52 USD)

The bonus: 10.500 Kip/day ->273.000 Kip/month (34 USD)

Total: 689.000 Kip (86 USD/month)

➔ 21% increase comparing to the previous salary

2. The role of the government in controlling the prices of goods and services is required

3. The increase in the minimum salary for the employees must be based on the capacity of each employee.

If you have any questions or comments on this issue, please contact:

Ms Sengdavone 020 22 20 33 46

020 77 70 07 99

020 77 84 11 40

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Summary on the study of 'The minimum salary regulation in Laos PDR'

1.Objectives:

- ➔ To reduce poverty (to reduce the exploitation of low paid workers)
- ➔ To help with the national and international investors
- ➔ To be approximately at the same level as Vietnam and Cambodia's minimum salary level
- ➔ To reduce the obstacles in exportation
- ➔ Aim to be able to apply the minimum salary regulation of Lao PDR in 01/10/2011.

2.

1. Based on the national inflation in the last two years (8% per year → 16% in two years)
2. Based on the Lao economic growth (7.9% per year → 16% in two years)
3. Based on the increased prices for goods and services (about 25% comparing to 2009-2010)
 $16+16+25=57/3=19\%$ → About 19% increase

Now, the Lao Government Employee Salary has been increased 16% in the whole country

The based salary: 348.000 Kip (43.5 USD)

The bonus: 221.000 Kip (27.6 USD)

Total: 569.000 Kip (71.1 USD/month)

3.Recommendation by local workers:

The based salary: 16.000 KipX26days ->416.000 Kip/month (52 USD)

The bonus: 10.500 Kip X 26days ->273.000 Kip/month (34 USD)

Total: 689.000 Kip (86 USD/month)

➔ 21% increase comparing to the previous salary

4.Recommendation by the Union Committee members:

The based salary: 665.000 Kip/month (83 USD)

The bonus 20%: 133.000 Kip/month (17 USD)

Total: 798.000 Kip (100 USD/month)

➔ 40% increase comparing to the previous salary

5.Comments from the meeting on 20/07/2011

➔ The recommendation by the Party Central Committee members about the minimum salary is too high.

➔ According to the Ministry of Labor and Social Welfare's investigation, the employers pay correctly the based salary for their employees, but pay incorrectly their bonus which is entitled to their lost profit.