KPMG

Technical Update

October 2023

New Minimum Wage for the Textile, Garment, Footwear, Travel Goods and Bags Sectors for the Year 2024

(Ministry of Labor and Vocational Training (MLVT) – Prakas No. 283/23 dated 29 September 2023 on the New Minimum Wage for the Textile, Garment, Footwear, Travel Goods and Bag Sectors for the Year 2024)

The MLVT issued a Prakas to determine the updated minimum wage for the year 2024 for workers/employees in the textile, garment, footwear, travel goods and bag sectors at US$204/month, an increase of US$2/month compared with the minimum wage in 2023.

This Prakas also sets a minimum wage for probationary workers at US$202/month and US$204/month after passing the probationary period. The minimum wage standard only applies to the textile, garment, footwear, travel goods and bag industries.

Other benefits that the workers/employees have previously received in accordance with Prakas 317 shall remain the same.

The updated minimum wage shall be effective from 1 January 2024 onwards.

Commentary

The discussions on the minimum wage are conducted annually unless decided otherwise by the National Council of the Minimum Wage (NCMW), and such minimum wage is determined by a Prakas issued by the MLVT. The elements considered in determining the minimum wage according to the Law on Minimum Wage promulgated on 6 July 2018 are:

- Social criteria include family status, inflation, and living costs.
- Economic criteria include productivity, country competitiveness, labor market status, and sector profitability.

If necessary, the NCMW may adjust the criteria for setting the minimum wage. This includes economic, professional, occupational, or geographical factors based on the country's economic and social situation.

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