

LEGAL
ALERT

New Minimum Wage in Laos

After months of deliberation, the government of Laos (“GOL”) officially approved an increase to the country’s minimum wage on 20 April 2018, from LAK900,000 (approximately USD110) to LAK1,100,000 (approximately USD133) per person per month. This increase takes effect from 1 May 2018 to coincide with the International Labour Day.

Recently, the Department of Labour and Social Welfare has issued the Notification No. 1121/LSW dated 25 April 2018 to clarify the GOL announcement of minimum wage increase which is as follows:

- The employer must pay a minimum wage of LAK1,100,000 per month to the employee who works for not more than 26 days per month, 6 days per week and 8 hours per day. This excludes overtime payment and allowances as well as other benefits as agreed by the employer and the employee; and
- For the employee whose work involves: exposure to radiation or to dangerous transmissible diseases; exposure to vapours or smoke which are hazardous to health; direct exposure to dangerous materials or chemicals, such as explosives; working in pits, or in underground tunnels, under water or at high elevations; working in abnormally hot or cold places; working directly with constantly vibrating equipment must be paid an additional of 15% of the minimum wage (i.e. LAK1,100,000 multiple by 15% = LAK1,265,000 per month per person).

The implementation of the new minimum wage has been scheduled for a long time, however there has been delays due to discussion amongst the various stakeholders. The wage increase is critical in improving the livelihoods of the Lao people as LAK 900,000 is insufficient to live on due to the rising cost of household goods and the increased in the cost of living has contributed to the growing trade deficit in Laos. The last increase in minimum wage was made in 2015 where the it was changed from LAK626,000 to LAK900,00 a month.

According to the Director General of the Lao Federation of Trade Unions Labor Protection Department the wage increase will be critical to improve the livelihoods of the Lao people. While some employers have argued that the pay rise will increase production costs, especially for exports, others argue that wage increase will attract employees who may otherwise seek employment in neighbouring countries where wages are higher.

The announcement of the new minimum wage is aimed to help with the increasing cost of living and to offer attractive wages in order to compete with the low wages that is offered in neighbouring countries.

If you have any questions or require any additional information, please contact [Aparat Sanpibul](mailto:aparat.sanpibul@zicolaw.com) or the ZICO Law partner you usually deal with.

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