

Vietnam

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What's happening

7%

Population below international poverty line

variable

National minimum wage

€163

per month

Rural living wage

€262

per month

Urban living wage

37%

Agricultural workforce

14%

Agriculture share of GDP

4

high

Risk to workers' rights

Context

Vietnam has a population of nearly 96.5 million^[1] people, with 63%^[2] of the population living in rural areas. The urban population has been steadily increasing since the early 1990s, with 37%^[3] of the current population living in cities. The agricultural sector is the country's main employer, with more than a third of the population employed in agriculture,^[4] a sector that accounts for nearly 14% of the country's GDP.^[5]

In Vietnam, nearly 40% of the land is agricultural land, the majority of which is dedicated to rice production. Smallholders account for 89% of farmers in Vietnam, with the average family farm cultivating 0.4 hectares. Despite small land sizes and low rates of mechanization, farms are typically highly productive, with Vietnam having the highest on-farm labour productivity among all Asian countries. The shift to intensive agricultural practices has resulted in the use of large amounts of fertilizer, with 97% of smallholders using some type of fertilizer. High yields may be attributed to fertilizer use, however, such fertilizers have increased environmental detriments and are cost intensive.^[6]

Rice is the top commodity in Vietnam, both in terms of production and export quantity.^[7] In terms of export value, rice, coffee, and cashew nuts are the top three commodities, respectively, and all three represent nearly identical export values.^[7]

Wages

Minimum wage

The government mandated minimum wage in Vietnam varies by region, ranging from 3,070,000 Vietnamese dong (108 EUR) to 4,420,000 (156 EUR) Vietnamese dong per month.^[8] However, labour laws are not always effectively enforced in Vietnam, where overtime is a recurrent problem in most factories. Specifically, in the informal economy, low incomes and exceeding working hours prevail.^[9]

Living wage

The Global Living Wage Coalition provides two living wage benchmarks; one benchmark for rural Vietnam which focuses on the livelihoods of workers in the seafood processing industry and a benchmark for urban Vietnam, which focuses on the garment industry. Both wages are based on a family of 4 with 1.87 workers in rural Vietnam and 1.78 workers in Ho Chi Minh city, urban Vietnam.

The living wage estimate for rural Vietnam is 4,618,167 Vietnamese dong (163 EUR) per month.^[10] This estimate is an updated version, to account for inflation in the country, of a previous living wage benchmark estimate that was derived from research in the Soc Trang and Thai Binh provinces. In these areas the majority of the population is rural and aquaculture, specifically the shrimp industry, is highly valuable to the provincial economy. Shrimp processing plays an important role in rural Vietnam, where many rural households are dependent on this economic activity to sustain their livelihoods.^[11] The current minimum wage in the rural areas of Soc Trang and Thai Binh provinces is 3,070,000 Vietnamese dong (108 EUR) per month. Consequently, the estimated living wage in these regions is approximately 35% higher than the general minimum wage established in these rural areas.^[12]

The living wage for urban Vietnam, specifically in Ho Chi Minh City, is estimated at 7,446,294 Vietnamese dong (262 EUR) per month.^[13] This living wage estimate is the updated version of a previous estimate based on research concerning workers in the garment and textile industry in the districts of Binh Tan, Thu Duc and Cu Chi. Garment and textile is one of Vietnam's largest industries and employs 2.5 million workers directly and another 2 million indirectly in supporting industries. Young women make up a large majority of the garment labor force as they account for more than 80% of the workforce in the sector. Although the garment industry has been a major contributor to the nation's economic growth, according to the original living wage benchmark in the region, the prevailing monthly wages for garment workers are almost one third below the estimated living wage.^[14]

What's happening

RESOURCE

[Vietnam Garment Industry Study](#)

Country study on labour issues in the garment industry and how to make living wage improvements for factory workers. CNV International, 2020.

RESOURCE

[Garment Supply Chain Study](#)

This report compares the wages earned by apparel & footwear workers in Vietnam to living wage targets. Fair Labor Association, 2019.

RESOURCE

[Toward Fair Compensation in Vietnam: Reaching a Living Wage](#)

This report compares the wages earned by apparel & footwear workers in Vietnam to living wage targets. Fair Labor Association, 2019.

RESOURCE

[Living Wage Benchmark, Rural Vietnam](#)

Updated living wage estimate for rural Vietnam focussing on the seafood processing industry. Global Living Wage Coalition, 2020.

RESOURCE

Living Wage Benchmark, Urban Vietnam

Updated living wage estimate for urban Vietnam focussing on the garment processing industry. Global Living Wage Coalition, 2020.

Footnotes

1. World Bank. (2019). <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=VN>
2. World Bank. (2019). <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=VN>
3. World Bank. (2019). <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=VN>
4. World Bank. (2019). <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=VN>
5. World Bank. (2019). <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=VN>
6. FAO. (2018). Small Family Farms Country Factsheet. <http://www.fao.org/3/i8358EN/i8358en.pdf>
7. FAOSTAT. 2018. http://www.fao.org/faostat/en/#rankings/commodities_by_country
8. WageIndicator Foundation. (2020). <https://wageindicator.org/salary/minimum-wage/vietnam>
9. U.S. Department of State. (2019). <https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/vietnam/>
10. Global Living Wage Coalition. (2020). Living Wage Update: March 2020-Rural Vietnam. https://www.globallivingwage.org/wp-content/uploads/2018/04/Update-Report_Rural-Vietnam_2020-FINAL.pdf
11. Global Living Wage Coalition. (2017). Living Wage Report: Rural Vietnam. <https://www.globallivingwage.org/wp-content/uploads/2018/04/living-wage-report-rural-vietnam.pdf>
12. Wage Indicator Foundation. (2020). Minimum Wage-Vietnam. <https://wageindicator.org/salary/minimum-wage/vietnam>
13. Global Living Wage Coalition. (2020). Living Wage Update: March 2020-Urban Vietnam, Ho Chi Minh City. https://www.globallivingwage.org/wp-content/uploads/2018/04/Update-Report_Urban-vietnam_2020-FINAL.pdf
14. Global Living Wage Coalition. (2016). Living Wage for Ho Chi Minh City, Vietnam Urban Vietnam. <https://www.globallivingwage.org/living-wage-benchmarks/urban-vietnam/>