

Today's Topic

2017 Spring Wage Negotiation – Pay-rise for 4 consecutive years

Point 1 4 consecutive years of Pay-rise Base wage increase was lower than previous year

- 15th March 2017 was the peak day of company managements' response on pay-rise to labor unions for 2017 Spring Wage Negotiation (known as 'Shunto'). Pay-rise amount of most of large-scaled companies (mainly manufacturers) was less than previous year based on SMAM's tabulation. Although, pay-rise is expected to see 4 consecutive years of improvement, Pay-rise Rate is likely to continue falling for 2 years. Even bonus payment calculated by the number of months based on monthly scheduled wage seems to be agreed by 5.76 months (weighted average by number of labor union members) which is lower than 5.98 months in 2016.

Agreed Pay-rise Rate and Bonus of Major Manufacturers after Spring Wage Negotiations

Year	Pay-rise Rate (Amount, JPY)			Pay-rise Rate (Rate, %)			Bonus (Months)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Average	2,814	1,428	1,184	0.88	0.45	0.36	5.88	5.98	5.76

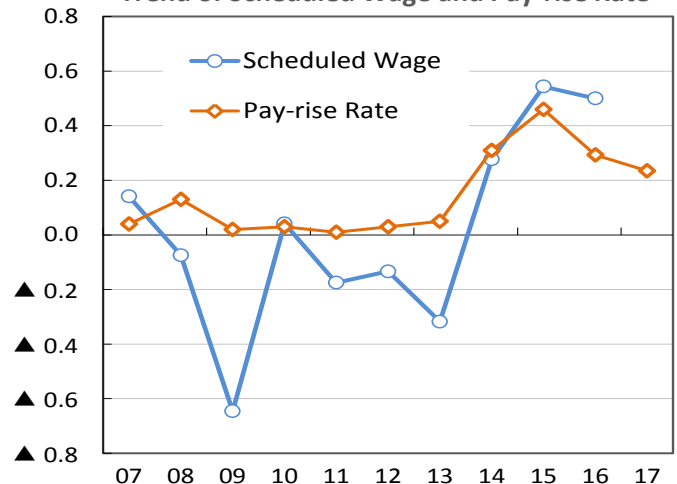
(Note) As of 15th March 2017. Compiled by SMAM mainly based on major manufacturers. Average is weighted average by number of labor union members.

(Source) SMAM, based on JTUC-Rengo, Japan Council of Metalworkers' Unions and publicly available data.

Point 2 Scheduled Wage to be suppressed

- As there is a strong correlation between Pay-rise Rate and Scheduled Wage increase, low rate of base wage increase might become a factor to suppress Scheduled Wage increase of 2017.
- Meanwhile, recently wage negotiation of part of the non-regular employees' labor union came to an agreement. Hourly wage will increase by around 1 to 2% just in line with recent growth of wages per hour.

(%) Trend of Scheduled Wage and Pay-rise Rate



(Note) Data period: Scheduled Wage is from FY2007 to FY2016. (Year) For FY2016, year on year change of Apr. – Dec. 2016. Pay-rise Rate is from 2007 to 2017. 2016 and 2017 are SMAM estimations based on Japanese Trade Union Confederation (JTUC-Rengo) data. Scheduled Wage is general worker basis.

(Source) SMAM, based on Ministry of Health, Labour and Welfare and JTUC-Rengo data.

Future Outlook Focus will be on progress of "Work-style Reform"

- "Work-style Reform" such as shortening working and business hours, was one of the topics of labor-management negotiation other than wage, in this Spring Wage Negotiation. Also, there was a new movement that the labor union and the company management of a major electric machinery company compiled a first joint declaration on "Work-style Reform". Focus will be on whether "Work-style Reform" which is an important subject and its impact to the Japanese economy is yet to be assessed, can encourage change of people's view of working style or not.



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