

China's Employment Policies and Strategies

Ladies and Gentlemen:

First of all, I would like to express my gratitude to the organizer of the OECD Forum in Tokyo for inviting me to participate in the Forum and give me the opportunity to present China's Employment Policies and Strategies.

China is the most populous country possessing the tremendous workforce in the world. The Chinese government attaches great importance to the issue of employment, and takes employment as the first priority of people's livelihood and as the top strategy for ensuring the stability of its society.

1 Basic Employment Situation

In 2005, Chinese GDP reached 18.2321 trillion Yuan (2.23 trillion USD), with an increase of 9.9 percent than in 2004. The total population reached 1.30756 billion. The total employed population reached 758.25 million. The annual growth of the new workforce reaches 10 million. The proportion of those employed in tertiary industry was 31.4 percent, in secondary industry was 23.8 percent, and in primary industry was 44.8 percent. The registered unemployment rate in the urban areas was 4.2 percent. There are over 150 million workforces migrating from countryside to urban areas for employment.

2 Proactive Employment Policy

The government has enacted "Constitution of the People's Republic of China", "Labor Law of the People's Republic of China," and other relevant laws and regulations so as to protect the workers' right to employment. It has established the employment principle of "workers finding their own jobs, employment through market regulation and employment promoted by the government", and formulated and implemented a set of proactive employment policies, mainly including:

2.1 Macroeconomic Policies

The government has always adhered to the principle of expanding domestic demand, exercises a stable fiscal and monetary policy, actively adjusts the economic structure and enhances the motive power of economic growth in driving employment; encourage the development of individual and private economy to expand employment, vigorously develop the tertiary industry to create employment opportunity.

2.2 Fiscal, Taxation, and Financial Policies

Through using favorable taxation policy, providing small loans, giving interest subsidies, and offering social insurance subsidies and post subsidies, the government supports the unemployed to realize self-employment or set up their own businesses, encourage small/medium enterprises to absorb the unemployed.

2.3 Developing non-profit Public Posts

The government invested in the development of public posts, through reemployment assistance, to help the most disadvantaged people to get their jobs.

2.4 Social Security Policy

The government has actively explored the establishment of a social security system independent of enterprises and public institutions, with diversified fund sources, standardization in security system, and socialization in management and service; established an unemployment insurance system, and the system of "three guarantees".

2.5 Improving the Public Employment Service System

The public employment service agencies at all levels provide free employment service for the job seekers. For laid-offs and the unemployed, they provide a "one-stop" service.

2.6 National Vocational Training System

The government pays attention both to school diplomas and vocational qualification certificates; preliminarily set up the Employment Permission System; has set up a vocational qualification training system with five levels.

2.7 Unemployment Monitoring Policy

By comprehensively using properly legal, economic, and administrative measures, the government restricts unemployment in origin. "Separation methods" have been adopted to address the issues of surplus workers in the restructuring of state-owned

enterprises to avoid massive layoffs.

3 Challenge to Employment in China

Currently, the employment pressure is mainly from three areas: First, the over supply of labor and the irrational structure of employment coexist; Secondly, the pressure of urban employment and the transfer of surplus rural labors to urban speed simultaneously; Thirdly, the demand of jobs by new-growth labors and the re-employment of laid-off workers interlace.

From now on several years, the employment situation in China will be still rigorous, main performance in: (1) supply in the total amount of labor force will be not to decrease, (2) the remains problem of employment will need to be resolved, (3) the new employment contradictions gradually emerge, and (4) the situation that laborers' competence does not adapt to job-post requirements need to be changed.

4 Employment Strategies in the Future

The employment goal during the 11th Five-year Planning period commenced from this year is to realize an increase of 45 million new jobs in urban areas, and a transfer of 45 million agricultural labor forces. In addition, the registered urban unemployment rate should be restricted to 5 percent.

To achieve these goals, the Chinese government will focus on strengthening the followings:

First, to carry out the implementation of proactive employment policy; continually make its efforts to resolve the remaining issues of re-employment for laid-off and unemployed workers that caused by the restructuring of economy, strive to address the employment issue of the new labors, that is youth employment, in urban areas.

Secondly, to make great efforts to realize the favorable interaction between promoting economy development and extending employment scale; encourage, support and guide non-state-owned economic industries development, extend employment scale by promoting the development of tertiary industries and multi-owned economic sectors.

Thirdly, to strengthen the transfer and employment of rural surplus labors; In accordance with the objectives of building a new socialist countryside, the

government, on the one hand, is actively developing the rural non-agricultural industries, to promote the local transfer employment of rural labor force; On the other hand, the government introduced equal employment policy to ensure the legitimate rights of workers that move from rural to urban and to ensure their enjoyment of public services so as to achieve gradually the integration of urban and rural employment.

Finally, vigorously to improve the quality of the laborers; In accordance with the strategy of vitalizing the country with talents, more efforts have been put to strengthen vocational training. Respectively targeting young people, such as the unemployed, business starters, highly skilled professionals and migrant labors, the government proposed five training programs, and promoted full implementation of the national occupational qualification certificate system so as to prepare human resources reserves to facilitate China's sustainable economic and social development, as well as enhance the international competitiveness.

Thanks for attention.