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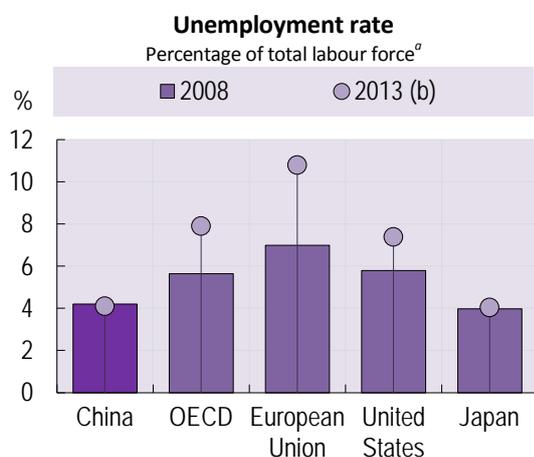
OECD Employment Outlook 2014

The 2014 edition of the OECD Employment Outlook reviews recent labour market trends and short-term prospects in OECD and key emerging economies. It zooms in on how the crisis has affected earnings, provides country comparisons of job quality, examines the causes and consequences of non-regular employment, and estimates the impact of qualifications and skills on labour market outcomes.

For further information: www.oecd.org/employment/outlook

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Overall, China's labour market has performed relatively well



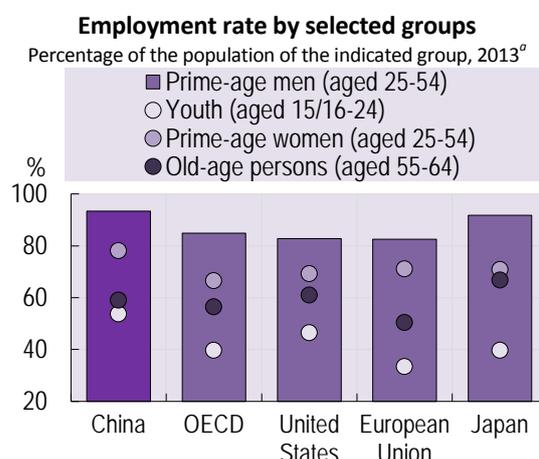
a) Administrative records in urban areas for China.

b) 2012 for China.

Source: OECD Short-Term Labour Market Statistics (database), (<http://dx.doi.org/10.1787/data-00046-en>) and Statistical Yearbook of China.

During the global economic crisis, China's unemployment rate (in urban areas) remained almost unchanged despite the slowdown in the real economy. The unemployment rate peaked at 4.3% in 2009, only 0.3 percentage points above the pre-crisis level, while the real GDP growth rate fell from 14.2% in 2007 to 9.2% in 2009. Among job losers in 2008 and early 2009 were many rural migrant workers who often found new jobs from mid-2009 onwards. Unemployment remains stable at around 4% although China's economic growth rate is below pre-crisis levels

However, China is facing a number of challenges because of rapid population ageing and industrial change



a) 2010 for China.

Source: OECD Labour Market Statistics (database), (<http://dx.doi.org/10.1787/data-0322-en>) and Census data for China.

China is experiencing rapid population ageing, as in most advanced and several emerging economies, and it will be important to fully mobilise its labour resources. While still high, the employment rate (15-64 year olds) has steadily decreased from 70.7% in 2007 to 67.7% in 2013. Moreover, the retirement age is low as compared to most OECD countries (55 years for women and 60 years for men). As a result, the employment rate of the elderly is just at the OECD average, while that of prime-age workers is much higher. More generally, the growth of the labour force is slowing down. According to the OECD's projections, China's labour force will reach its highest level around 2020 and decline

thereafter. This negative trend suggests that labour productivity growth will have to compensate for the lack of growth in the labour supply and measures will need to be taken to strengthen labour force participation. However, in the short to medium term, China still faces the challenge of ensuring there are sufficient employment opportunities for the growing urban population and to absorb surplus rural labour.

China also needs to cope with a rapid transformation of its economic structure. This has led to a growing problem of skills mismatch. As shown in the *Employment Outlook*, skills mismatch is also a key issue for OECD countries and requires a range of policy measures to bring the worlds of education and work closer together as well as to provide better information to students and their parents on educational choices and labour market outcomes.

Improving job quality is another challenge facing China as well as most advanced and emerging economies. The 2014 *Employment Outlook* puts forward a new framework for measuring job quality along three dimensions: earnings quality (level of earnings and degree of inequality); labour market security (risk of job loss and income support available); and quality of the working environment (work demands and conditions, and resources and support available to cope with work demands).

Promoting vocational education and training is essential

As shown in the 2014 *Employment Outlook*, having the educational qualifications and skills required by employers is the key to improving employment outcomes for youth and reducing skills mismatch. Improving vocational education and training is essential in this respect. After a large shift in focus from the apprenticeship system in the 1980s to academic education, China is now building a

modern vocational training system that integrates production and learning.

Currently, government subsidies support workers entering and graduating from vocational education programmes and promote firms from employing these graduates. The system promotes co-operation between employers and educational institutions, although it is important that this does not involve too narrow a focus on a single local employer, with a risk that the skills acquired may not be transferable. Along with several OECD countries, China faces the challenge of developing and improving quality standards for workplace training as well as promoting regional, sectoral and national bodies to engage employers and link them to the vocational education system.

OECD Employment Outlook 2014 is available to journalists on the **password-protected** website or on request from the Media Relations Division. For further comment on China, journalists are invited to contact Mark Keese (+33 1 45 24 87 94; mark.keese@oecd.org) or Andrea Bassanini (+33 1 45 24 90 32; andrea.bassanini@oecd.org) from the OECD Employment Analysis and Policy Division.