

# China Employment Forum

## Beijing, 7-9 April, 2003

### Draft Information note 3.12

#### 1. Background

##### Challenges relating to employment in China

- Employment

China, the most populated country with 1.28 billion citizens, has been remarkably successful in achieving high and sustained economic growth rates, maintaining high levels of employment and reducing poverty in the last two decades. China has chosen its own way of economic and social reforms, characterized by gradualism, experimentation and strong reliance on initiatives from the bottom - of people, communities and enterprises, for which the central government has gradually removed obstacles and created enabling conditions.

As a result and also thanks to its huge domestic market, China has neither gone through any transition crisis, so detrimental for many Central and Eastern European countries, nor has it been as severely affected by the Asian financial crisis as several other economies in east and south-east Asia. At the end of 2001, total employment reached 730 million, of which 33 per cent in urban areas and 67 per cent in rural areas. The primary sector provided employment to 50 per cent and the secondary sector to 22.3 per cent of workers while the share of the tertiary sector in total employment equalled 27.7 per cent.

Significant progress has been achieved in the average level of education as in 1999 only 11 per cent of employed persons were illiterate while 33 per cent of workers gained basic education, 52 per cent secondary schooling and 4 per cent post-secondary education.

However, despite high economic growth, the capacity of the Chinese economy to create new jobs for labour market entrants as well as for laid-off workers from state-owned enterprises (SOEs) under restructuring and other jobseekers is not sufficient. China's labour force is expected to increase by more than 70 million over the next decade. Apart from millions of laid-off workers and other unemployed persons seeking re-employment in urban areas, underemployment in rural areas is very high - estimated at almost one-third of the rural labour force - and underemployed rural workers also look for new jobs, often in large cities.

The exposure of the Chinese economy to global market competition accelerated with the entry of China in the World Trade Organization in November 2001. While long-term gains from the WTO accession in terms of higher labour productivity and higher employment are expected to be positive for China, in the short run negative employment impacts are anticipated primarily in the primary sector and in capital-intensive industries. In order to fully benefit from the WTO membership, further deepening of domestic reforms is fundamental. The reforms should stimulate structural changes towards more labour-intensive agriculture and an increase of productivity and profitability in large and medium-sized enterprises but also encourage small enterprise development in manufacturing and services.

- Unemployment

The urban registered unemployment rate has increased to 3.6 per cent (7.33 million persons) in June 2002 and is expected to grow further to some 5 per cent within the next five years. Between 1998 and July 2002, altogether 26.11 million workers were laid off from SOEs while only 17.26 million of them were re-employed. The re-employment rate of the laid-off workers and other unemployed persons in urban areas declined from 50 per cent in 1998 to 30 per cent in 2001. Also, a significant part of the estimated 150 million underemployed rural workers have become "floating" migrant workers in urban areas, seeking employment there and often taking up jobs in the urban informal economy.

- Active employment promotion policy

Economic and social policies should encourage job creation through stimulating business development, foreign direct investment, investment in infrastructure, and start-ups and expansion of micro, small and medium-sized enterprises, and through facilitating flexible forms of employment and self-employment. The underdeveloped service sector, in particular services for production and community and household services, as well as labour intensive industries are among the most promising sectors for new job generation. Productive non-farming activities should be further encouraged in rural areas.

Better matching of labour supply and demand needs to be facilitated by strengthening the capacity of labour market institutions to provide appropriate vocational training and high quality employment services, in particular directed to vulnerable social groups, and to secure better protection of workers' rights through improved labour market regulation. There is a need to reform the national vocational education and training system, including adult training, to enable fast retraining and upgrading of skills of workers and jobseekers in response to the changing demand for skills in the labour market. Policies should also be directed towards facilitating labour migration from regions with scarce jobs to regions in demand of labour and towards helping migrant workers find good jobs.

### **The National Re-employment Conference**

Employment promotion is now one of the main policy priorities of the Government and also of the social partners. There is also an urgent need to address vast and still increasing regional labour market imbalances and income disparities that imply potentially serious threats to social stability. In the recent National Re-employment Conference held in Beijing in mid-September 2002, the Chinese President Jiang Zemin emphasized: "Employment is the fundamental issue for people's livelihood. Therefore, great importance should be attached to employment and re-employment. Governments at various levels should work hard to develop economy, which would give more job opportunities to workers. In return, more employment will promote economic prosperity."

The National Re-employment Conference stressed five aspects of active employment policy which are of utmost importance for China: (i) macroeconomic policies promoting structural changes, development of enterprises of all forms of ownership and in particular small and medium-sized companies, job creation, labour mobility and employment; (ii) policies promoting (re-)employment of vulnerable groups; (iii) strengthening of public employment services and re-training of unemployed jobseekers; (iv) improvement of labour market regulation and policies for combating unemployment; and (v) further improvement of the social security system. The ILO strongly supports the outcomes of the National Re-employment Conference, which are very much in line with its own findings and policy conclusions based on a thorough analysis of the Chinese economy and its labour market as well as on experience from ILO/China technical cooperation undertaken so far and also on profound international experience of the ILO.

## **ILO – China Cooperation**

The Ministry of Labour and Social Security (MOLSS), the All China Federation of Unions (ACFTU) and China Enterprise Confederation (CEC) seek technical cooperation with the ILO in all the above-mentioned areas and aim to overcome the challenges in Chinese employment by working together.

### **The Memorandum of Understanding**

A Memorandum of Understanding (MOU) was signed in May 2001 in order to launch a programme of cooperation between the International Labour Office and the Ministry of Labour and Social Security of the People's Republic of China, based on the ILO's goal of *Decent Work*, to support national reform in China.

- The Global Employment Agenda

The Global Employment Agenda is an outcome of the Global Employment Forum organized by the ILO in November 2001. It is in a process of development in close dialogue with the ILO's tripartite constituents.

The principal challenge of the agenda is to make employment central to all economic and social policies. To do so requires many things, but the cornerstone is in increasing the productivity of labour, especially that of the working poor. Productivity growth is the sole source of sustainable, non-inflationary improvement in living standards and employment opportunities, and it sets the scene for faster growth and development leading to increased scope for macroeconomic policies to be directed toward better employment outcomes and decent work.

The China Employment Forum takes up challenges and issues of the Global Employment Agenda that are relevant to the context of China.

- Strategic objectives

The MOU builds upon the ILO's four strategic objectives of Decent Work: Principles and rights at work; Employment; Social protection; Social dialogue.

These objectives will be pursued in an integrated manner to ensure their effective realization in the context of China's needs and conditions. Economic growth is essential but not sufficient to ensure equity, social progress and the eradication of poverty. It is important that the ILO together with MOLSS through the MOU promote strong social policies, justice and democracy in the field of employment. The ILO should with its standard-setting, technical cooperation, research resources and areas of competence help to ensure that a sustainable strategy for employment is created in China.

The ILO works in collaboration with MOLSS to mobilize external resources for the implementation of the activities foreseen in the MOU.

- The initiative to organize the China Employment Forum

As part of the follow-up the MOU, the China Employment Forum has been convened in order to discuss future strategies for employment in China. The Forum creates a space where ideas and knowledge can be shared between specialists, governmental bodies, unions, enterprises and others who have ideas as to how to work towards an employment agenda for China.

This Forum is co-sponsored by MOLSS and ILO, with the involvement of ACFTU and CEC, as social partners in its preparation.

A number of international resource persons are invited to bring to the CEF best available information on experiences in other countries.

## **2. Event**

The China Employment Forum (CEF) will take place in Beijing on 7-9 April 2003. The attendance of the event is by invitation only and will be conducted in English and Chinese.

## **3. Objectives**

CEF is intended to reach a *common understanding* on elements of an Employment Agenda for China, identifying work areas for follow-up that can guide continuing development in China.

## **4. Forum structure & focus**

The plenary sessions and the nine intended topical sessions will be prepared by technical units in all ILO sectors and offices in Bangkok and Beijing, in full partnership with the Chinese Government and social partners.

The proposals jointly developed as follow-up to the MOU are the Chinese Government's priorities in areas of employment and social policy. At the Global Employment Forum in Geneva in November 2001, Minister Zhang emphasized that "... we persist in combining rural poverty alleviation with employment promotion ... we persist in combining employment promotion with the development of a social security system ... we persist in combining employment creation with economic strategy adjustment ... we attach great importance to human resources capacity building, developing vocational education and improving the vocational training system so as to enhance the quality and capacity of the workers ...".

The China Employment Forum is structured around selected issues emerging from the Global Forum and specific themes are outlined in Section 6 of this note.

## **5. Forum material**

As background, MOLSS will present two reports, one on the impact of WTO membership and a more comprehensive report on employment. The ILO will prepare an issues paper "Towards an Employment Agenda for China" that will address the challenges and issues identified in the Global Employment Agenda, as they affect China. ACFTU and CEC are foreseen to table their own reports.

## **6. Agenda**

Following is the draft agenda for CEF, Beijing 7-9 April 2003.

### **Monday 7 April**

#### **Morning - opening**

Main interventions of the Government, ILO, as well as the Chinese social partners.

Media briefing

#### **Afternoon**

The plenary session *Globalization and Decent Work – an Employment Agenda for China* will introduce the main themes of the forum:

- Impact of globalization on Chinese economy, trade, employment, labour market institutions, productivity & environment
- Growth and employment – macroeconomic concerns; integration of employment and social concerns in economic policy, action to address the problems for the working poor
- Elements of a China Employment Agenda:
  - Issues identified in the Global Employment Agenda, as they affect China
  - Promotion of the Declaration on Fundamental Principles and Rights at Work
  - MOU as a tool for integrated support to social reform in China

## Tuesday 8 April

Three parallel sessions will take place for the full day. The following table provides the list of plenary and parallel sessions and the names, affiliation and email addresses of the responsible technical contact persons from the ILO and from the Chinese side.

### A. Globalization and restructuring

Session:	ILO technical contact person and organization:	MOLSS technical contact person and organization:
A.1. Economic policy and employment	EMP/STRAT - Duncan Campbell <a href="mailto:Campbell@ilo.org">Campbell@ilo.org</a>	Institute of Labour Science - Mo Rong morong@263.net rongmo@sina.com
A.2. Restructuring and employment	EMP/ENT - Nikolai Rogovsky <a href="mailto:rogovsky@ilo.org">rogovsky@ilo.org</a>	Department of training and Employment - Liu Kang liukang@mail.molss.gov.cn
A.3. Labour mobility and employment	MIGRANT - Piyasiri Wickramasekara wickramasekara@ilo.org	Department of Training and Employment - Chai Haishan chaihaishan@mail.molss.gov.cn

### B. Employment and poverty alleviation

Session:	Technical contact person and organization:	MOLSS technical contact person and organization:
B.1. Flexible forms of employment and the informal employment	EMP/RECON - Liu Jinchang jinchang@ilo.org	Department of Training and Employment - Wang Yadong wangyadong@mail.molss.gov.cn
B.2. Skills, training and employability	IFP/SKILLS - Trevor Riordan riordan@ilo.org	China Employment and Training Technical Instruction Center - Chen Yu chenyuaa@263.net
B.3. Environment, workplace and employment	IFP/SAFEWORK - Seiji Machida machida@ilo.org	Institute of International Labour Studies - Liu Yanbin <a href="mailto:liuyanbiniils@sohu.com.cn">liuyanbiniils@sohu.com.cn</a>

## C. Labour market functioning

Session:	Technical contact person and organization:	MOLSS technical contact person and organization:
C.1. Social dialogue and employment promotion	IFP/DIALOGUE - Giuseppe Casale casale@ilo.org	Department of International Cooperation - Guan Jinghe guanjinghe@mail.molss.gov.cn
C.2. Public employment services and employment protection for vulnerable groups	IFP/SKILLS - Ellen Hansen Hansen@ilo.org	Department of training and Employment - Liu Danhua liudanhua@mail.molss.gov.cn
C.3. Social security and employment	SOC/POL - Aidi Hu hu@ilo.org	Department of Unemployment Insurance - Wang Zhe wangzhe@mail.molss.gov.cn

### Plenary sessions

Session:	Technical contact person and organization:	MOLSS technical contact person and organization:
Day 1: Globalization and decent work	EMP/STRAT - Alena Nesporova nesporova@ilo.org	Department of Training and Employment - Yu Faming yufaming@mail.molss.gov.cn
Day 3: Gender and employment	GENDER - Youyun Zhang zhangy@ilo.org	Department of International Cooperation – Lu Xiaoping luxiaoping@mail.molss.gov.cn

## Wednesday 9 April

### Morning

Plenary session on Gender and employment

Plenary discussion from Monday continues

### Afternoon

Presentation and discussion on “common understanding” following outcomes of plenary discussions and parallel sessions.

Closing & Media briefing

## 7. Outline of sessions

### Session A1

#### Economic Policy and Employment

#### Issues to discuss

- 1 Macroeconomic policies promoting employment: possibilities in China and experience from other countries
- 2 Existing administrative constraints to implementation of economic policies promoting employment
- 3 WTO entry and its social and employment impacts, as well as its impacts on the scope of available economic policies

- 4 Policy conclusions from the outcome of the National Re-employment Conference aimed to promote labour growth and employment and growth: scope, opportunities and constraints (short-run to long-run)

## **Session A2**

### **Restructuring and Employment**

#### **Issues to discuss**

- 1 National policies to facilitate economic restructuring and adaptation of labour structure
- 2 Enterprise level strategies for socially sensitive restructuring and redeployment of workers
- 3 Employment promotion programmes for retrenched workers.

## **Session A3**

### **Labour Mobility and Employment**

#### **Issues to discuss**

- 1 Labour mobility and employment: Current situation
  - Scale of labour migration and characteristics of migrant workers
  - Impact of institutional and policy changes on migration
  - Problems relating to wage differentials, working conditions, social protection, access to jobs and employment services for migrant workers
- 2 Social and economic impact of labour mobility
  - Migration and employment, growth, income distribution and urban-rural disparities
  - Integration of regional as well as rural and urban labour markets
  - The impact of migration on labour-exporting and labour-importing areas
- 3 Labour migration: Challenges and problems
  - Surplus rural labour
  - Low levels of education and skills of migrant worker from rural areas and skill mismatches in urban areas
  - Incompatible social protection systems and employment promotion measures in rural and urban areas
  - Unequal and unfair treatment of migrant workers in urban areas, lack of employment and income security and greater vulnerability of women migrants

#### 4 Current policies and recommendations for improvement

- Assessment of existing legislation and policies
- Recommendations for policy responses

International experience: Lessons learned and good practices

### **Session B1**

#### **Flexible Forms of Employment and the Informal Employment**

##### **Issues to discuss**

##### **Key issues**

- Recent development, challenges and constraints (decent work deficits) and policy responses in China
- Organization of the informal workers/producers (voice of presentation), migrant workers involved in the urban informal economy, etc.

##### Part 1

- Flexible forms of employment in China
- Employment in the informal economy in China
- Decent work and the informal economy
- Policy recommendations on labour market flexibility and employment protection
- Country-specific best practice on facilitating flexible forms of employment by government

##### Part 2

Open-floor discussion, 5 special interventions (2 ILO and 3 MOLSS) are envisaged, focusing on lessons learnt with a goal to supplement the main presentations on topics described in Part 1.

### **Session B2**

#### **Skills, Training and Employability**

##### **Issues to discuss**

##### 1 Investment in education and training

- a. critical need for a greater overall investment in education and training in China for all people (including women and groups with special needs, such as people with disabilities).
- b. education and training investments to be more closely linked to economic and employment growth strategies. Responsibility to be shared between the government (primary responsibility), enterprises, the social partners, and the individuals.



- c. great need for increased private sector investment and new, innovative methods of financing training
- 2 Developing core work skills  
(*this topic to be modified by MOLSS – waiting for comments*)
    - urgent need to move beyond traditional occupational skills. Development of "core work skills" (such as communication, problem solving, working in teams etc.) is an important part of the reform to prepare individuals for the knowledge-based society.
  - 3 Reforming the vocational education and training system
    - make lifelong learning for all a reality, through major reform of its vocational and education and training systems, including the opening up of training delivery to private sector providers.
    - training systems to become more flexible and responsive to rapidly changing skill requirements
    - develop innovative approaches to train and retrain laid-off workers from SOEs e.g. by using distance learning and training.
    - attention to skills of migrant rural workers and seek to increase access to high-quality training
  - 4 Mobility of skilled workers  
(*this topic to be modified by MOLSS – waiting for comments*)
    - critical to recognize peoples skills as part of a national qualifications framework, irrespective of where the skills were obtained.
  - 5 Social dialogue on training
    - involve the social partners more closely in discussions on training policy and skills development, if the desired reforms and increased investment are to become a reality.

### **Session B3**

#### **Environment, Workplace and Employment**

##### **Issues to discuss**

- All newly created employment should be safe. Occupational safety and health (OSH) and environmental issues should be integrated in the strategy for employment creation: employment creation policy (development of township/village enterprises, joint ventures and private business) should observe safety and health values
- Need for a strong national Programme on OSH, to be launched in parallel with government economic development plan and employment creation strategy
- Importance of establishing OSH Management System as an integral part of business management: popularity of ISO 9000, 14000 and relevance of ILO-OSH 2001
- Positive link between OSH and higher productivity/competitiveness

- Chemical safety is an important aspect for both environmental protection and workplace protection -→ China's ratification of Chemicals Convention in 1995 and subsequent activities in this field
- Cleaner technology and safety technology need to be promoted
- What can China learn from the experience of other countries on these issues?

OSH and environmental protection require national-wide technical services (training/information and advisory services) for state-owned enterprises, township/village enterprises, and private enterprises

## **Session C1**

### **Social Dialogue and Employment Promotion**

#### **Issues to discussed**

- 1 How social dialogue can help adapt national legal framework governing individual and collective employment relations with a view to contribute to employment creation and socially responsible restructuring
- 2 The role of social dialogue in formulating employment strategies and labour market policies
- 3 The role of social partners in creating sound industrial relations at the workplace level for better economic performance and job promotion
- 4 The role of social partners and stakeholders at the local level in formulating and implementing programmes and action plans to retain jobs and to reduce the amount of dislocation and its severity on workers, their communities and enterprises

## **Session C2**

### **Public Employment Services and Employment Protection for Vulnerable Groups**

#### **Issues to discuss**

- 1 Addressing the needs of vulnerable groups – international experience
  - Labour market programmes for vulnerable groups – experience of one industrialized (Sweden) and one transition country (Hungary)
  - Partnerships with private employment agencies in serving vulnerable groups

Presentations and the general discussion will focus on:

- What are the overall current problems and challenges in addressing the needs of vulnerable groups?
- What unique labour market barriers do vulnerable groups face?
- What government policies have been implemented to address these unique barriers?
- How can incentive mechanisms be developed and implemented to promote improved employment services to vulnerable groups?
- What successful programme models have been developed to address the needs of vulnerable groups and what are their measurable outcomes?

## 2 Chinese experience with programmes for vulnerable groups

- Profile of the Chinese PES and employment programme for vulnerable groups
- Presentations of one or two successful local initiatives aimed at vulnerable groups
- Assessment of PES employment programmes by the All-China Women's Federation

General discussion with participation of both Chinese and international experts

### **Session C3**

#### **Social Security and Employment**

##### **Issues to discuss**

- 1 The need to effectively and efficiently protect the whole population against socio-economic insecurity
  - maximize the actual coverage to all insurable population through the enforcement of compliance
  - maintain accumulated social insurance rights and entitlements of insured persons, who for various reasons have left their previous insured employment or interrupted the payment of contributions
  - gradually extend the legal coverage to all of the excluded with a current focal point on those in flexible form of employment
- 2 The need to strengthen the functioning of the unemployment protection system and its role in employment promotion
  - ensure the delivery of unemployment benefits payable in various forms - living allowance to the layoffs still remaining in the Re-employment Centres, UI benefits to the insured unemployed persons and means-tested minimum living payments to the qualified families.
  - effectively monitor unemployment status of benefit recipients to target the needed with limited funds and strengthen the financial planning, capacity and solidarity funds of UI schemes to prepare them to cope with new challenges.
  - reinforce the link between the UI system and active labour market policies by allocating more funds to training and other employment-promoting activities to assist the unemployed in re-employment.

National and international experiences on these issues will be shared.

### **Plenary session on Gender and Employment**

##### **Issues to discuss**

- 1 Findings of the Survey on the Status of Women in China and policy recommendations

It is suggested that the presentation provides a brief account of the major findings of the survey (the major problems encountered by women as identified by the Survey and their analysis). It should mainly focus on policy recommendations as to what measures need to be taken at the policy and operational levels, in order to narrow the existing inequalities between women and men. The importance of formulating

gender-sensitive employment policies (dispelling the notion of gender-neutrality of employment policies) should be highlighted.

2 Implications of China's WTO membership for women's employment in China.

It is suggested that the presentation provides an overview of the research being undertaken on this subject in China, focusing on the major issues being addressed as well as the inter-relationship of competitiveness, growth, equity and gender equality. The presentation may also highlight the importance of strengthening the gender dimension of the research and studies being carried out so far on implications of China's WTO membership on employment.

3 Promoting equality between women and men through gender-sensitive employment policies

It is suggested that the presentation provides an overview of the latest developments in formulating gender-sensitive employment policies at the national and regional levels (such as the EU). Highlighting the importance of gender mainstreaming as a strategy to promote equality between women and men.