

Employment Promotion Policy in China

I. Positive Employment Policy in China

The positive employment policy in China originated in 2002, when it was adopted mainly for the purpose to solve the reemployment problem of the huge amount laid-off workers left by the economic structure adjustment and state-owned enterprises restructuring. Through three years' efforts in practicing and improving itself as well as continuously summarizing experiences, the positive employment policy system had been formed gradually by the end of 2005. In August, 2007, the National People's Congress of the People's Republic of China discussed, passed and promulgated the *Employment Promotion Law of the People's Republic of China*, which legalized the policy systems and mechanisms that orient to employment promotion.

A. Points of Positive Employment Policy

1. Regard whether beneficial to employment growth as the important consideration of economic policy option. In terms of industrial structure, it encourages the tertiary industry and service industry that are expected to absorb large employment capacity; in terms of economic form, it stimulates the civil economy that is expected to do great contributions to employment growth; in terms of enterprise type, it encourages and supports the labor-intensive small and medium enterprises that boast comparative advantages, and in terms of employment pattern, it encourages and supports labors to obtain jobs in varied and flexible ways.
2. Encourage labors to find jobs by themselves and start their own businesses by means of reducing or exempting taxes at a quota or providing small loans on security. The eligible laid-off workers who run individual businesses shall not be charged for any administrative fee in three years; besides, each of them shall enjoy an annual taxation limit at RMB 8,000 and the part beyond the limit shall be exempted. In addition, RMB 50,000 small loans on security and corresponding financial discounts are to be provided to those who are short of operating capital.
3. Encourage the enterprises to employ laid-off workers by the aid of the policies such as tax concession, social insurance fee subsidy, loans on security, interest discount, etc. In the light of the number of recruited laid-off workers, it reduces the tax amount payable of the business trading and service enterprises within three years at an annual limit of RMB 4,000 for each, and meanwhile offers subsidy for social insurance. It also provides loans on security and financial discounts for the eligible labor-intensive small businesses.
4. Provide employment aid for the vulnerable groups and help them get rid of the difficulty of unemployment. The public welfare positions explored by the government must give priority to the people who have difficulties in employment, and they are also to be offered subsidies for social insurance fee and post. Subsidy for social insurance fee is also to be given to the people who have

difficulties in flexible employment.

5. Promote reemployment of laid-off workers and nonagricultural employment of rural labors by means of enhancing public employment services and trainings. It establishes and improves the public employment service system covering both urban and rural areas, provides free employment service for laid-off workers and rural labors, and offers allowance for job recommending service provided by the career intermediary organizations that commit to helping the laid-off workers find new jobs, and rural labors realize nonagricultural employment. It mobilizes the occupational education and training organizations to provide occupational trainings for the laid-off workers and rural labors, gives training fee subsidy to the trainees, and offers skill appraisal subsidy to those who obtain the occupational skill certificate.

6. Conduct administration on unemployment earlier, and try to prevent, regulate and control unemployment by the aid of policy leverage. It establishes the mechanism to monitor and warn unemployment, and encourages enterprises to stabilize labor relations and regulate downsizing behavior. It provides certain-term tax concession for the state-owned enterprises who are trying to settle the redundant labor force by separating secondary businesses from their core businesses and converting the former into independent companies, so as to lead the enterprises to appropriately settle the original employees in the process of restructuring and reforming.

7. Further perfect social security system, and establish linkage system between social security system and employment promotion. For the laid-off workers who have work ability, it sets rigid requirements and procedures of applying for unemployment insurance and urban residents' subsistence allowance, connects the application requirements to their willingness of receiving occupational trainings, positively hunting jobs and participating in voluntary labor, and puts restrictions on those who won't work.

B. Implementation of positive employment policy makes remarkable achievements

Implementation of positive employment policy is expanding the employment scale and optimizing the employment structure in our country. In case of the conflict between labor force supply and demand is getting extremely sharp, it has basically solved the reemployment problem for the laid-off workers left by system transformation and structure adjustment, and realized steady employment growth and stable employment situation.

1. In our country, 63 million new job opportunities have been created in both urban and rural areas over the past six years, and the annual new job opportunities have increased from the over 7 million five years ago to 10 million.

2. Nearly 30 million laid-off workers from both state-owned and collective-owned enterprises across the country have been reemployed, and the combination between subsistence allowance system and unemployment insurance system for laid-off workers has been completed in general.

3. Over the past six years, it has assisted at least 8.3 million people who have difficulties in employment to be reemployed, as well as helped a large group of people who could not find jobs and had to live a hard life on the dole find jobs.

4. By means of separating SOEs' secondary businesses from their core businesses, converting the former into independent companies and bankruptcy settlement, it has successfully transferred more than 3 million redundant employees in state-owned enterprises to other positions.

5. The registered urban unemployment rate has been controlled at about 4.5% in these years, without big growth.

II. Policies and Measures to Cope with Current Global Finance Crisis and Promote Employment

In hopes of coping with the severe influence on China's job market brought by the global finance crisis, Chinese government has put the employment work at a more predominant position and implemented more positive employment policy that includes the following six aspects:

1. Increase job opportunities in combination with the economic measure of expanding domestic demand. Firstly, take human resource allocation into consideration while arranging the government investments and important construction projects, for the purpose to realize employment growth; secondly, clarify the concrete arrangement of the positions while establishing the implementation solutions for projects, absorb the groups such as college graduates, laid-off workers, farmers, etc. for employment, and fulfill the relevant employment support policies; thirdly, initiate occupational skill trainings for the employed synchronously with the startup of the projects; fourthly, absorb rural labors as much as possible to find jobs nearest to them in our nation's public infrastructure construction; fifthly, encourage to implement "work-for-food" policy for the projects of agriculture, forestry, water conservancy, territory management, ecological environment protection, etc.

2. Assist and support enterprises to overcome difficulties and stabilize employment. Firstly, allow the enterprises in financial difficulties to delay payment of social insurance fees within certain time duration; secondly, lower the rates of four social insurance fees for urban employees within certain time duration, which include medical insurance, unemployment insurance, unemployment insurance and maternity insurance; thirdly, use the unemployment insurance fund to pay the subsidies of social insurance and post for no more than 6 months to the enterprises in financial difficulties who make great efforts to stabilize employee teams and guarantee no downsizing or minimum downsizing by the measures of on-job training, shift work, negotiating salary, etc.; fourthly, use the training subsidy to encourage the enterprises in financial difficulties to develop on-job trainings and stabilize employee teams; fifthly, allow the enterprises in financial difficulties who have to carry out economic downsizing to pay economic compensation by means of progressive payment or other payment methods based on legal and equal negotiations between enterprise, labor union and employees. It protects posts by protecting enterprises, and stabilizes employment by stabilizing labor relations. . Implement more

positive employment policy. Firstly, promote employment by the aid of tax policy. It prolongs one more year for the current tax support policy that stimulates the laid-off workers to run private businesses and enterprises to absorb employment. Secondly, improve the employment status of the people who have difficulties in finding jobs. It appropriately raises the standard of post subsidy for the employees on welfare positions. Thirdly, enhance employment stability of the people who find jobs in flexible ways. It appropriately prolongs the terms of enjoying the social insurance subsidy for this group of employees. Fourthly, stimulate the labors in rural and urban areas to start their own businesses so as to drive employment. It carries out stronger incubation support policies, and meanwhile enhances incubation trainings and improves incubation services.

4. Adopt more purposeful employment promotion measures. Firstly, provide policy support for the college graduates who intend to find grass-root jobs in urban and rural areas, who intend to work for small and medium enterprises and non-public-ownership enterprises, and who intend to participate in scientific research programs, become self-employed, or serve on probation. Secondly, match the import and export of migrant workers, and stabilize employment of migrant workers by integrating the policy of relieving enterprise burdens; promote nearest employment for migrant workers by integrating the infrastructure construction projects and new countryside construction projects; and encourage migrant workers to return from working cities and start their own businesses by taking advantage of the competitive industries and the featured economies of their hometowns. Thirdly, enhance the employment aid for urban laid-off workers, especially those who have difficulties in employment from the jobless families, and get them settled by developing more welfare positions.

5. Implement special occupational training schemes. Depending on technical colleges and all sorts of occupational training organizations, four categories of trainings shall be developed in these two years. Firstly, develop skill improvement training and post / job transfer training to the incumbent employees in the enterprises in financial difficulties. Secondly, develop practical skill training or incubation training to the returned migrant workers who lose their jobs in working cities. Thirdly, develop reemployment training to the laid-off workers. Fourthly, develop orientation training to the newly growing labors.

6. Work with social partners and develop employment service series activities. Firstly, enhance the employment service for the college graduates, especially the fresh graduates who have not found jobs, by means of arranging probation, organizing the employing units to recruit in campus, perfecting online recruitment platform, etc. Secondly, develop one-to-one employment aid service for the jobless families, the handicapped and the labors in disaster-struck regions. Thirdly, develop consultation service themed “sending information, sending trainings and sending policies” to the flow employment personnel, returned migrant workers and the lost land farmers.

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