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ILO/OECD Joint Seminar

Designing Effective Employment Strategies Through
Local Economic Development in China:
Policy and Governance Issues

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Dear respected guests and participants, good morning!

Talking about the Local Economic Development or LED, it would be worth explaining why the ILO is involved in the LED.

It seems paradoxical at first glance that globalization is receiving increased attention. As globalization opens new opportunities for accessing markets, business entities that are able to compete in international markets prosper. However, in less competitive regions, increased competition leads to unemployment or employment of lower quality. The rise in interpersonal and inter-regional inequalities has given rise to concerns to promote local-based developing strategies.

In addition to globalization, the widespread move towards decentralization is central to the growing importance of LED. The consequent increase of functions and resources has obliged local public administration to seek approaches that deal with issues such as growth strategies or unemployment, which used to be in the hands of the central government.

Due to the challenges imposed by globalization and decentralization, ILO constituents are increasingly reflecting LED initiatives in the Decent Work Country Programmes. Meeting this demand, the ILO supports its constituents in promoting LED to reduce regional disparities and to assist localities to benefit from the opportunities of globalization and decentralization.

In the last ten years, with Ministry of Labour and Social Security, the ILO has been working on LED in China through the technical cooperation projects and research studies to formulate an integrated approach to support local economic growth, in which new jobs are created. For example, from 2001 to 2002, we had the LED action research project in five cities. The LED Manual for China has been developed based on the action research experiences as well as the ILO's experiences on LED in other countries.

Looking at the development of employment policies in China, we should note that the tremendous efforts were made in the China Employment Forum in 2004. Through this forum, China has adapted the Global Employment Agenda. Since then, continuous efforts have been made in crystallizing the Employment Promotion Law. The draft Law is currently under review by the National Congress. It reflects the national policy of developing a “harmonious” society that embodies the balance between economic and social aspects in development.

Once the Employment Promotion Law is promulgated in the near future, the question is how the law could be operationalized at the local level. Given the different economic, social and geographical conditions, which are unique to the localities, there is no “one size fits all” type of answer to this question. Each locality has to identify the potential growth sectors and facilitate suitable economic activities, while a careful consideration should be given to the quantity and quality of jobs to be created in these activities.

Considering the impact of globalization, it is unlikely that the conventional economic planning approaches could cope with the needs of the government in reducing the gaps between the regions, between rural and urban areas and between the rich and the poor, while retaining the current level of economic growth. In particular, attention should be given to the issue of rural migrant workers, who are settling down in non-agriculture sectors in urban and semi-urban areas. As to how they could catch up with the global economy is the key for China to realize a “harmonious society”.

In terms of the adaptation of LED to China, we are now approaching the second phase. In the first phase, the ILO has introduced the concept of LED through the development of the LED manual for China. In the second phase, we should test the concept through the pilot projects and give fine-tuning to the LED approach. After all, LED is a learning process, which could be refined only through practical exercises at the local level. For this, the ILO puts high priority to this activity and will continue to support the adaptation of the LED in China. I hope the discussions in today’s seminar will lead up to the preparation to kick-off the LED pilot projects expected in Ningxia and Chongqing.