

**Annual Review Meeting of YEN Office China**  
**9 August 2006**

**Opening Speech by Zhang Guoqing, Deputy Director, ILO Beijing**

**Introduction**

It is my pleasure to attend this meeting on behalf of ILO in China. First, let me start with congratulating the YEN China Office for the successful launching of the activities. I also acknowledge the efforts you and your partners have committed to this work. Youth employment is of enormous concern to the ILO. I hope the meeting for the next three days will pave the way for consolidating and expanding the YEN activities in China.

I would like to recall the UN Millennium Summit in September 2000. State leaders of different countries jointly decided the UN Millennium Development Goals. The creation of the decent and productive employment for young people is listed as one of the goals proclaimed by the UN and governments around the world. In the same year, under the proposal of the UN Secretary-General, the UN, the ILO World Bank and well-known specialists on youth issues established the YEN and provides advice and support for the generation of youth employment opportunity and solution of youth unemployment. The YEN takes entrepreneurship as one of the four solutions to employment problem, often referred to as “4 Es”, namely: Employability, Equal Opportunities, Entrepreneurship and Employment Creation.

**Youth employment situation in China**

With high unemployment and SOE retrenchment, the economic restructuring programmes are in full swing in China. Self-employment and small enterprise promotion are presently high on the national agenda, expecting them to create alternative channels for employment. The youth presents a particular challenge in this scenario. Every year ten million of school leavers join the labour market in search of gainful employment. The challenge is thus one of not only tackling the already sizable unemployed and underemployed population, but also of absorbing the new entrants into the labour market. In both situations, young people constitute the majority.

The rapid expansion of universities increased the number of graduates recently. The availability of highly trained human resources formed the basis to support the rapid economic growth of the country. However, it also creates pressure on graduates to find appropriate jobs. The competition over popular jobs among graduates has become prominent after 2003. In 2004, 2.8 million students graduated from the universities, out of which 73 per cent of them could have obtained jobs in the same year. In 2005, the number of graduates increased by 21 per cent, supplying 3.4 million new graduates into the labour market.

The private sector has been the major employment channels for the new graduates. In fact, more than 50 per cent of them are employed in SMEs and private sector enterprises. Since March 2005, the National Development and Reform Commission (NDRC) and the Ministry of Education have jointly launched an internet-based job fair for university graduates to help them find jobs in SMEs, with the expectation that the graduates would improve the

technical and managerial capacities of enterprises, hence contribute in enhancing the business operations of SMEs.

### **Job creation – ILO experiences in China**

In line with the government's official recognition of private enterprises in the national economy, business start-up training programmes have gained high attention among government agencies and civic organizations as a way to promote small enterprises and absorb ever-increasing workforce. The ILO introduced Start Your Business (SYB) training programme in 2001. The project, in partnering with the Ministry of Labour and Social Security, experimented the SYB training to facilitate laid-off workers to gain income opportunities through self-employment.

Since 2004, the project has been expanding the target groups to include internal migrant workers. It also diversifies the training products like Improve Your Business (IYB), Generate Your Business Ideas (GYB) and Expand Your Business (EYB) to cope with the increasing demand for business skills at the different stages of enterprise development. These programmes have been implemented through the partner institutions like vocational training centers, social organizations and some higher education institutions.

### **KAB**

An important aspect of economic growth in any country is the initiatives taken by key individuals who promote changes and initiate development activities. These persons are called entrepreneurs because they have the ability to identify needs within their environment, gather appropriate

resources and implement action to satisfy these needs. If young people are aware of the issues as well as the challenges of becoming an entrepreneur, they will be better prepared not only with regard to choosing entrepreneurship as a career option, but also to working productively and succeeding in enterprises. But the question is when and how young people know their potential as entrepreneurs?

The Know About Business (KAB) Programme attempts to answer this question. The ILO developed the Know About Business (KAB), which consists a set of training materials and a new teaching approach for entrepreneurship education. The KAB materials draw on ILO's successful experience in the field of Entrepreneurship Education. KAB is the necessary preparation for young people for the ILO's Start Your Business (SYB) package for setting up a business and, Improve Your Business (IYB) for existing businesses.

As a way of ILO's technical support to the YEN activities in China through the All-China Youth Federation (ACYF), the Pilot Phase of the KAB project was launched in October 2005, involving six universities with over two hundred students to test the KAB for university students.

The overall objective of entrepreneurship education is to contribute in nurturing enterprise culture in society. It is not necessarily to have young people begin their careers as entrepreneurs or self-employed immediately after graduation. Rather, it is to give them awareness and some practice of opportunities, challenges, procedures, characteristics and other sources of

information concerning self-employment and starting a small business, to assist them who might need such knowledge in the future.

In China, “Action plan for promoting education for the 21<sup>st</sup> century” issued by the Ministry of Education in 1998 and endorsed by the State Council in 1999 recommended entrepreneurship education for the teachers and students of higher education, as part of its strategy to turn universities into ‘incubators’ for hi-technology industries. It said such industries would create new employment opportunities.

One sobering factor in small enterprise development is the generally high failure rate of businesses. The rate of failure for new businesses is 50% for developed countries and that of developing countries is even higher. In spite of this, self-employment continues to consider high as a career choice everywhere. In many instances, these failures could have been avoided by proper education and training before the business was initiated.

## **Conclusions**

The KAB is the main thrust for supporting the YEN activities in China. But it is not the only technical support that the ILO could contribute. Last year, we also had a collaborative research work with the ACYF on youth employment analysis.

Unfortunately, the youth employment will continue to be a China’s key development issue for the years to come. We all face a daunting task.

Around the “4Es” defined by the YEN, the ILO will continue and diversify

its technical cooperation to the YEN China Office. It is essential that we make progress.

Thank you very much for your attention.