

China

1. Overall Condition of Labor Market

The “China Labor Statistical Yearbook” shows that China had a total population of 1,284.53 million in 2002 (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan Province). The population of people aged 16 and above was 984.59 million. In China, the labor force population¹ consists of male workers aged between 16 and 59 and female workers aged between 16 and 54. The labor force population was 753.6 million, or 58.7% of the total population in 2002. The number of employed people was 737.4 million, 33.6% of which (247.8 million) work in urban areas and 66.4% (489.6 million) in rural areas. The number of employed people increased by 69.32 million over the past ten years, as it increased from 668.08 million in 1993 to 737.4 million in 2002 (see Chart 1).

Meanwhile, the number of registered unemployed people in the urban areas was 7.7 million as of the end of 2002, with the registered unemployment rate being 4.0%.² The number of registered unemployed people increased by 910,000 or 0.4% from the previous year. A survey on the number of unemployed youth was conducted until 1995. In view of the fact that young people aged under 25 accounted for 20.2% of the total number of unemployed in 2002, it is estimated that there are about 1.56 million youth who are out of employment today.

The labor supply has a significant impact on the number of unemployed. The unemployed people can be categorized into nine groups. As Table 1 shows, the number of people in the labor force was 25.46 million in 2002. The people who were laid off (6.52 million) and people who were unemployed in the previous year (6.08 million) constituted a large part of the number of unemployed, followed by secondary and senior secondary school graduates who do not advance to higher learning (2.49 million) and graduates of vocational technical schools in urban areas (2 million). Because the supply of labor has exceeded demand for a long time and due to a mismatch between the quality of the labor force and the job requirements, amidst continued adjustment of the economic structure brought on by rapid economic growth, a large number of workers have been laid off from traditional industries. From 1998 to 2003, the accumulative total number of people laid off from state-owned enterprises reached 28.28 million.

In addition, the 10th Five-Year Plan (2001-05) for National Economic and Social Development aims to increase the labor force by an average of 13.6 million a year. During this period, the surplus

¹ The term “economically active population” is used in the China Labor Statistical Yearbook.

² These figures are problematic, because they do not include the surplus labor force in rural areas and the number of workers laid off by state-owned enterprises.

labor force that moves from rural areas to urban areas are expected to hit the ceiling. About 40 million people are expected to move from rural areas to urban areas to seek jobs in non-farming sectors. Therefore, there is a call for proactive employment promotion measures to address the issues of the unemployed, workers laid off, new graduates, and the surplus labor force in rural areas.

2. Overall Condition of the Education and Training Policy

(1) Vocational Training

In China, vocational training is provided in parallel with regular education unlike in Japan. People go through vocational education and training to obtain a certificate before they enter employment. Such pattern evolved from the fact that it was imperative for China to provide employment opportunities to many of its people. As a socialistic state, the government was in dire need of providing regular and vocational education for all of its citizens.

Vocational training in China includes pre-employment training, training for people who are already employed, and training for people transferred to new occupations, covering elementary, intermediary, and advanced vocational qualification training for technicians and other types of training to help people acquire skills and adapt to different job requirements. By developing higher vocational institutions, secondary polytechnic schools, advanced technical schools, technical schools, employment training centers, non-governmental vocational training institutions and enterprises employees' training centers, the government endeavors to develop an all-round and multi-level national system of vocational education and training. Technical schools are comprehensive vocational training bases mainly engaged in training skilled workers, while offering different types of short- or long-term training programs. Employment training centers are bases for training the new workforce and laid-off people, mainly offering teaching in practical skills and helping the trainees to adapt to different job requirements.

As of the end of 2003, there were altogether 3,167 technical schools in China (including 274 advanced technical schools) with a total of 1.91 million students attending the schools, and, in addition, these schools offered different types of training to 2.2 million people from various social sectors in 2003. There were 3,465 governmental employment training centers and 17,350 non-governmental training institutions throughout the country in 2003, offering training to 10.71 million people throughout the year.

(2) National Occupational Qualification Certification System

Since China adopted the vocational qualification certificate system in 1994, from the beginning, relevant laws and regulations as well as a work system have been established for its application. In 1999, the government called upon all social sectors to adopt the system of paying attention both to school diplomas and vocational qualification certificates so that they carry the same importance in

finding a job. In 2000, the framework of the employment permission system was preliminarily set up.

At present, China has basically set up a vocational qualification system with five levels - from elementary, intermediate, and advanced grade skilled workers to technicians and senior technicians. Occupational qualification certificates are issued depending on the skill levels, based on occupational categories stipulated in the “Chinese occupational categories classification dictionary” that divides all occupations into 413 categories (small unit) and 1,838 categories (smaller unit).

There are some 80,000 vocational skill evaluation institutions and 180,000 people engaged in vocational skill evaluation and examination in China. The average pass rate of vocational skill examinations is 84 percent, and 45 million vocational qualification certificates have been issued.

Close examination of the circumstances surrounding vocational qualification certificates reveals that the number of people who obtained vocational qualification certificates totaled 5.56 million. Together, elementary (35.9%) and intermediate grade skilled workers (48.4%) accounted for approximately 85% of the total number of people who obtained certificates, with technicians (1.0%) and senior technicians (0.1%) accounting for approximately 1% (see Chart 2). China has a shortage of advanced skilled workers. In an attempt to pave the way for developing workers with advanced skills, the government is striving to promote the occupational qualification certification system, improve the vocational skill evaluation and examination system, and persuade various vocational education institutions to introduce an education and training system that is similar to the vocational skill evaluation and examination system for technical workers.

As already stated, the concept of a “two proof” system, which pays the same level of attention to school diplomas and vocational qualification certificates, has been gradually spreading in China. The government intends to extend the scope of the Occupational Qualification Certification System to cover all technology related occupations.

3. Major Education and Training Program for the Youth

(1) Vocational Training System

The government has fully adopted the workforce preparation system, and widely established and implemented the system of training for the new workforce before employment. Work preparation training is provided to new urban workers, rural non-agricultural laborers and rural migrant workers in urban areas.

The vocational training system was introduced in 1999 to improve the skills of young workers and cultivate the skills of the unemployed. Vocational education and training are provided under the principle of “training before employment.” Such training is intended for junior and senior middle school graduates. In principle, three years of training is provided for junior middle school graduates and one to two years of training for senior middle school graduates, though the course duration varies

depending on the objective and the type of job trainees want.

The vocational training system is operating at technical schools, employment training centers, and non-governmental vocational training institutions. In 2003, some 1.26 million urban junior and senior middle school graduates who were unable to enter schools for further studies received such training. Technical schools and employment training centers provide training by adhering to the National Occupational Qualification Certification System. Upon completion of the training, trainees are required to obtain not only a diploma but also an occupational qualification certificate. The system enables the government to improve the quality of the workforce and help people find jobs in a quick and efficient manner.

Basically, people do not need to take an admission exam to receive vocational training. Individuals and future employers share the expenses required for training, with some funding from the government.

To encourage young people to develop skills proactively, the government plans to strengthen the vocational training system. Presently, the “Three-Year Plan for Training 10 Million Laid-off Workers for Reemployment” from 2002 to 2004 is under way.

(2) Entrepreneurship Training Programme

Training to facilitate business startups was launched to provide opportunities for middle-aged laid-off workers with matured skills to start a business. The government now provides such training to young people, because it is becoming increasingly difficult for them to find a job.

In 1998, the China Youth Federation and the Ministry of Labour and Social Security launched the entrepreneurship training programme to promote business startups among young laid-off workers. The program is aimed at cultivating young entrepreneurs through vocational training and follow-up services. It provides training to help people who wish to start a business, or have the right conditions, acquire the basic knowledge and skills required to start a business or become self-employed. This is a new form of training that evolved from the promotion of employment and re-employment.

This program is implemented in the framework of the “SYB (Start Your Business)” training structured by the International Labour Organization (ILO) under the initiative of the Ministry of Labour and Social Security. SYB is a training project originally developed by ILO. It has been introduced in some 80 countries around the world. Though SYB was introduced as a pilot project at first in China, it is available in nearly 100 cities today. “SYB training” is designed to train a small number of people and includes theory training, analysis of relevant examples, simulation, discussion, and other exercises.

The Ministry of Labour and Social Security revised the original SYB materials to develop a Chinese version of “SYB” materials. These materials consist of three parts: entrepreneurship, business idea, and business plan formulation. Upon completion of 80 hours of SYB training, trainees

draw up and implement their own business plan. Trainees who successfully complete SYB training are offered attractive options, including tax exemptions, small loans and unsecured loans.

(3) Internship Program (Youth Intern Plan)

Coupled with the issues of rural surplus labor and re-employment of laid-off workers that have yet to be fully addressed, the issue of youth unemployment becomes increasingly serious. The number of four-year university graduates who fail to find a job has been increasing since 1998 due, in part, to increased enrollment. This raises a new issue, because the number of four-year university graduates will continue to increase rapidly for years to come. The number of university students who fail to find a job before graduation is expected to reach 1.2 million in 2005.

Under these circumstances, regions where there are many higher education institutions require a wide variety of education and training programs that promote employment of university graduates. The Shanghai Municipal Government launched an internship program in 2002. The internship allows senior students who have not found a job to work as a specialist intern at a company, with the aim of providing firsthand professional experience and improving their motivation to work. The internship is usually available for 3 to 6 months, with one year the longest. Companies that participate in the internship program receive a monthly subsidy of 500 yuan per intern from the municipal government. Many companies use the subsidy to cover a portion of the livelihood allowance payable to the interns. The livelihood allowance varies between companies or individuals. The average livelihood allowance per month is about 800 yuan.

In Shanghai, the employment training center of the Shanghai Municipal Labor & Social Security Bureau operates the internship program and is responsible for selecting interns and companies to participate in the program. The screening criteria for companies include name recognition, future potential, excellent education and training record, and advanced production technology. At the beginning, they invited all the students of four-year universities in Shanghai to apply for the internship program, because there were only a small number of applicants.

The internship program has strong support from not only the sponsoring companies but also the unemployed youth and their families. In Shanghai, the internship program is available at 108 companies, where more than 2,000 interns are receiving on-the-job training. Originated in Shanghai, the internship program has begun spreading across the country. There are great hopes that it will improve the vocational competency of university students. For its further dispersion, it is necessary to secure more companies to support the program, change employment awareness among university students, and develop a scheme to provide financial aid to local governments.

1,000 million

Chart 1. Number of Employed People (1993-2002)

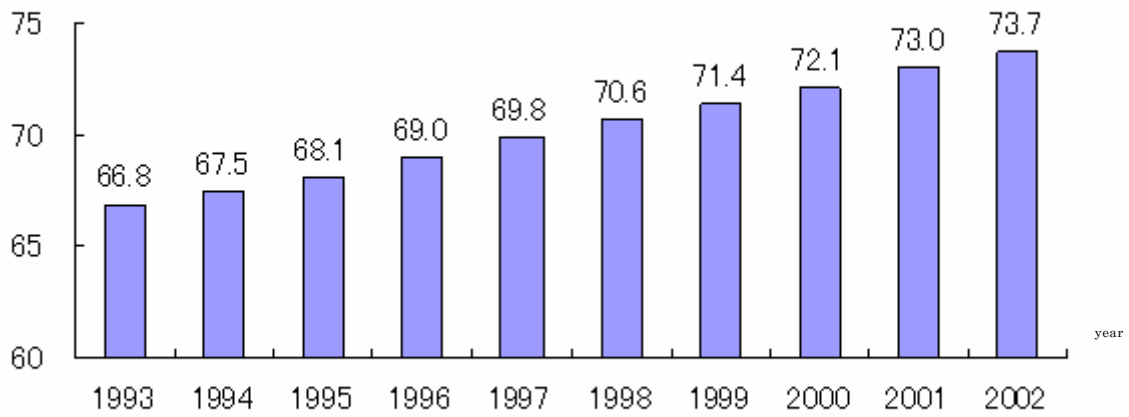


Table 1. Labor Supply in Urban Areas

	(10,000 people)	(%)
Total	2,545.6	100.0
Graduates of universities, secondary polytechnic schools and technical schools	184.1	7.2
Demobilized soldiers & soldiers to change jobs	39.4	1.5
Graduates of vocational schools in urban areas	200.1	7.9
Graduates of junior or senior middle schools who do not advance to higher learning	248.7	9.8
Directly applied from rural areas	170.9	6.7
Family registration changed from rural area	147.6	5.8
Laid-off workers	652.0	25.6
Others	294.5	11.6
Unemployed as of the end of the previous year	608.3	23.9

Chart 2. Persons who Obtained Certificates by Skill Level

