

Country Report about China's Youth Employment

China is the biggest developing country in the world, and is also the most populous country. Employment promotion is among the economical and social problems that China attaches the greatest importance to, and devotes great efforts to address as a matter of priority. Since the Reform and Opening-up, the Chinese Government has always regarded employment promotion as a strategic objective in its economic and social development, listing job creation as a principal target in the macro-control of its national economy. With a pro-active fiscal policy and sound monetary policy, the government strives to expand domestic demands and maintain the economic growth at an appropriate rate, achieving a sustained rapid and healthy economic development, and boosting employment generation through economic growth.

I. Basic Situation of China Employment Youth

China has a large population of working age. By the end of 2003, Chinese population reached 1.29 billion, 380 million of which are young people (16 to 34 years old), accounting for 29%. The working population in both urban and rural areas amounted to 744.32 million, 256.39 million of which were from urban areas, accounting for 34.4%, and 487.93 million from rural areas, accounting for 65.6%. The registered unemployment rate in urban areas was 4.3%, with 8 million registered unemployed people in urban areas. The principal contradictions in the field of employment in China are as follows: the co-existence of the contradiction of the total volume of workforce supply and demand and the contradiction of employment structure, simultaneous appearance of increasing pressure on urban employment and acceleration of the shift of surplus rural laborers to non-agricultural sectors, and intertwining of the employment problem for new entrants to the workforce and that of the reemployment for unemployed workers. Now, youth employment is becoming a critical employment problem facing China.

1. Participation of youth workers is relatively high in China. In 2003, the gross workforce participation rate (the rate of economically active population at and above 16 over the total labour force at the same age group) was 76%, while the participation rate of young workforce (16 to 34) was 86%.

2. Though the education level of the young workforce is slightly higher than the other age groups, the absolute level is still quite low. Of the working youth between 16 and 34, only 21% have received education at and above senior high school. A large percentage of young people are from rural areas.

3. Youth accounts for a large proportion of the unemployed. Among the registered unemployed in urban areas, 51% are young people.

II. Major Measures for Youth Employment Promotion

China exercises an active employment policy, and has established the employment principle of "workers finding their own jobs, employment through market regulation and employment promoted by the government." The Chinese government has persisted in promoting employment by way of developing the economy, adjusting the economic structure, deepening reform, coordinating urban and rural economic development, and improving the social security system. It has adopted various effective measures and done everything possible to increase job opportunities, expand the scope of employment, and keep the unemployment rate within a socially tolerable range. The following targeted measures have been adopted to address youth employment.

1. Strengthening Vocational Training and Enhancing Youth Employability

The major difficulty in youth employment lies in that they lack the professional skills and work experience required for the development of new industries. To address this difficulty, China continuously strengthens training to its youth workforce.

- a. Developing skilled workers' schools, focusing on enhancing young workers' employability. A skilled workers' school is a comprehensive vocational training base primarily providing training to produce skilled workers. It also offers long and short-term training courses of various kinds. By the end of 2003, there were 3,167 skilled workers' schools (including 274 senior skilled workers' schools) nationwide, with 1.91 million registered students, providing 2.2 million person courses to various social quarters.
- b. Providing entrepreneurship training for young people to promote employment by business start-up. In 2003, the Ministry of Labor and Social Security (MOLSS) established national business-startup pilot bases in Beijing, Tianjin, Shanghai and some other cities, disseminating SYB training model, exploring the mechanism to promote employment through a package of operations linking entrepreneurship training with business startup guidance, small credit and follow-up services, so as to help young people get work by starting up their own businesses. In 2003, 290,000 people participated in the entrepreneurship training programmes and 150,000 of them, 52%, succeeded in starting up their own businesses.
- c. Carrying out the Plan on Skill Upgrading of Young Workers. Since 2004, MOLSS and some other related departments have carried out the Plan on Skill Upgrading of Young Workers, which focuses on improving young workers' skill levels, innovation and awareness of intellectual property. This plan aims to building up a pool of young skilled workers with rational distribution among senior, middle and junior levels by means of comprehensively upgrading the skill levels of young workers. The Plan intends to use 5 years, through such practical and effective measures as skill training, skill competition, youth-oriented vocational qualification assessment, improvement of

incentive mechanism, to upgrade the skills of 80% of the young workers participating in the Plan to a higher level, and produce 400,000 young workers of senior skilled level, 70,000 young workers of technical supervisors, and 30,000 young workers of senior technical supervisors. Throughout November, MOLSS and other related departments carried out a campaign around the theme “Youth at the Frontline in Skill Upgrading”. Based on the Plan on Skill Upgrading of Young Workers, through skill training, skill competition and vocational skill assessment exclusively performed for young workers, the campaign encourages the young workers to put their talents at work and improve their skills.

- d. Undertaking Vocational Probation Programme for the young unemployed. Some university graduates find it difficult to get work due to their lack of working experiences. To address this problem, the Chinese government is actively implementing a pilot plan on vocational probation. Shanghai Labor and Social Security Bureau was the first to carry out a youth vocational probation plan in China, organizing some good enterprises to provide internships to university graduates, promising the products of the interns would be purchased by the government. By the end of July 2004, a total of 42,000 people attended the probation programme and 34,000 finished their probation practices, 19,000 of them, 56%, got their job after probation. In 2004, more than ten provinces and some cities initiated probation programmes for university graduates. Vocational probation programme have enhanced job performance and employability of university graduates, and promote their employment.

2. Adopting tax incentive policies and employment service measures to promote unemployed young workers in urban areas to seek jobs on their own or start their own business

The Chinese government puts in place tax incentive policies and encourages enterprises to take unemployed young workers in urban areas. For example, according to state regulation, an income tax exemption for three years will be granted to a new enterprise that recruits over 60% of its total staff from unemployed young workers in urban areas. When the period for tax exemption expires, if new recruits of young unemployed workers accounts for over 30% of its total staff in a certain year, with the approval from tax authority, income tax will be reduced to half for two consecutive years. Meanwhile, China has established public employment service system cross the country to provide free employment services to the unemployed, and strengthen vocational guidance to the unemployed young people and channel them to employment training.

3. Promoting employment of university graduates

The Chinese government attaches great importance to the employment of

university graduates. It has put forward a series of measures to promote employment of university graduates, ranging from broadening employment channels, bridging labour supply and demand, improving vocational guidance, to providing employment and social security services. First, encouraging the university graduates to work in grass roots level and in areas with harsh conditions to empower such units at grass roots level as community in urban areas and villages and towns in rural areas. The government carries out the Plan of University Graduates Providing Voluntary Services to the Western Part of China. Volunteers from university graduates are mobilized to work in education, health, agro-techniques and poverty-elimination for 2 years at village and township level in poverty-stricken areas. Second, encouraging enterprises and institutions of all types, especially small and medium-sized enterprises and private enterprises, to employ university graduates. In most cities, restrictions in household registration and personnel quota have been abolished in order to help them get work in competition and migrate for work. Third, encouraging university graduates start up their businesses and get flexible employment. The government provides incentives on tax and administrative charges, offers small loans, and organizes business-startup training, practice guidance, policy consultation, project assessing and follow-up advising. Fourth, providing employment guidance and services. Employment service information networks for university students have been put in place and are under constant improvement, offering services in job placement and vocational guidance. Fifth, carrying out the Program on Vocational Qualification Training for Graduates from Senior Vocational Colleges, providing vocational skill training and skill assessment to new graduates from senior vocational colleges who need training.

4. Undertaking Business-Startup for Laid-off Young Workers to promote reemployment of laid-off young workers

Young workers account for a large proportion of the laid-off workers in state enterprise reform and economic restructuring. In order to address reemployment of the laid-off young workers, from early 1998 on, China Youth and MOLSS have carried out Business-startup for Laid-off Young Workers, with a view to supporting and channeling laid-off young workers to their jobs through starting up their businesses. The programme focuses on cultivating leading young entrepreneurs, and takes the measures of employment training and intermediary services to meet the target of promoting reemployment for laid-off young workers. The main contents of this programme include: guide, support and cultivate a large number of leading young entrepreneurs; carry out vocational skill training for laid-off young workers; provide reemployment intermediary services; and help laid-off workers change their employment attitude and enhance their entrepreneurship. By the end of 2003, the business-startup programme for young workers provided training to youth of 210,000 person times, and support to 44,000 young business starters, giving immediate jobs to more than 600,000 laid-off workers.

5. Actively promoting employment preparation system to speed up

enhancing young workers' competence.

Employment preparation system is a new employment system adopted by the Chinese government to boost young workers' competence, and build up labor reserve through training. In 1999, the employment preparation system was officially established as a state system, and was implemented across the nation. According to the system, junior and senior high school graduates in urban areas who are unable to continue their education, their counterparts in rural areas who intend to transfer to non-agricultural sectors or work in cities, shall receive vocational training and vocational education for 1 to 3 years, and get work in the labour market after obtaining relevant vocational qualifications or mastering certain vocational skills. Skilled workers' schools, employment training centers and private training institutions play an important role in training under the employment preparation system. In 2003, these three training institutions provided training to more than 1.26 million people. The employment preparation system effectively enhances the employability of the new entrants, broadens the employment channels and lays a sound foundation for their career development.

6. Organizing and guiding rural youth for job migrant.

Employment information network has been established primarily in major big and middle sized cities in China to provide employment information to job-seekers of all kinds, including a great number of young people of rural surplus labor force who go to work in cities. The governments of labour sending areas establish offices in the destination cities to organize labor migration and protect the rights and interests of those migrant rural workers. To address mismatching of skills and competence of rural youth with their work in cities, the Chinese government urges local governments to promote vocational skill training to migrant workers and enhance their competence and employability. At present, MOLSS, Ministry of Agriculture and other related departments are stipulating specific plan of vocational skill training to migrant workers as a matter of urgency, with a view to enhancing their competence. The Chinese government requires the governments of labour sending and receiving regions to make full use of vocational training institutions of all kinds to provide migrant workers training in various forms. It continues to encourage the government of labour receiving areas and the employing units to undertake job oriented training, and priority is given to the support for labour sending areas to undertake training for rural migrant workers before they leave home.

China has a large youth population, with tens of millions of new entrants each year, leading to an increasingly severe situation of youth employment. The Chinese government has always attached great importance to this issue and made great efforts to tackle this problem. At present, China's active employment policy, in particular, those specific measures targeted to youth employment, are under implementation. We are confident with international assistance and attention of the Chinese government, the policy and the measures will yield good results.