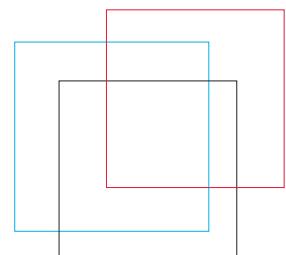




International  
Labour  
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Geneva

## China: From an active employment policy to Employment Promotion Law

Coping with economic restructuring  
and labour market adjustments



Employment  
Policy  
Department

# **China: From an active employment policy to Employment Promotion Law**

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# **China: From an active employment policy to Employment Promotion Law**

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and labour market adjustments**

**Based on a study by the Institute for Labour Studies**  
Ministry of Human Resources and Social Security,  
People's Republic of China

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## FOREWORD

China, now the second largest economy in the world, has seen spectacularly high economic growth over a prolonged period of nearly three decades. This high and sustained growth has been closely associated with massive economic, social and institutional reforms and with China's vision of its own "socialist market economy".

Since the start of the country's reform process in the late 1970s, there have indeed been significant changes in China's economy. The country's once planned labour market is giving way to a market-oriented system. These reforms have created a number of challenges. These include rising unemployment (it is estimated that more than 10 million jobs need to be created each year), widening income inequalities, addressing the needs of vulnerable groups – particularly those who face difficulty in finding work – and the need to develop high-skilled workers. In addition, the massive movement of workers seeking jobs in urban areas needs to be managed.

The signing of a Memorandum of Understanding between the Ministry of Labour and Social Security – now Ministry of Human Resources and Social Security (MoHRSS) – and the International Labour Office (ILO) in 2001 defined a framework for cooperation, based on China's national priorities and the ILO's Decent Work Agenda. This study is the result and one example of the fruitful collaboration between the MoHRSS and the ILO to showcase China's unique experience in economic restructuring, labour market adjustments and employment creation over the period 1990–2010.

Focussing on the formulation and implementation of China's active employment policies in a fast-changing context, the study elaborates on the path followed by the Chinese government to design, test and adapt its active employment policies. It shows how, building on successful results and lessons learnt, these policies were gradually improved, scaled up and finally upgraded to legislation.

The active employment policies in China are systematic and comprehensive. Their design assimilates good practices of the international experience in formulating employment policies while adapting them to national circumstances. Great achievements have been made and the adoption of the Employment

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Promotion Law in 2008 received wide applause from the international community as well as the ILO. The Chinese experience is a good example of a successful policy development process, spanning many years, addressing huge challenges and devoting the necessary resources. We believe it can inspire many countries who face similarly difficult employment situations.

Azita Berar Awad  
Director  
Employment Policy Department  
ILO

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The original Chinese version of this study was written by a team of Chinese academics led by Professor Mo Rong, Deputy Director-General and Research Fellow in the Institute for Labor Studies, MoHRSS. Mr Liu Jun, Research Fellow and Mr Liao Jun, Associate Research Fellow in the Institute are the main authors of the study. Mr Zhao Liwei, Ms Chen Lan, Mr Han Yongjiang and Ms Jia Hongmei contributed significantly to it.

Mr Zhang Xiaojian, Vice Minister of the MoHRSS offered guidance in drafting the study. Mr Yu Faming, Director-General of the Department of Employment Promotion, Mr Wang Yadong, Deputy Director-General, Mr Yin Jiankun, Deputy Director-General and Ms Zhang Yin, Director of the Department of Employment Promotion offered excellent suggestions to revise it. Ms Zhang Yali, Director-General of the Department of International Cooperation, Mr Dai Xiaochu, Deputy Director-General, Mr Liu Yutong and Ms Qian Xiaoyan, directors provided support of various forms in completing the study. In finalizing the study, Professor Zhang Qi of the Capital University of Economics and Trade and Professor Shen Qinjin of China's Academy of Labor Relations offered their suggestions.

The Chinese study was prepared in collaboration with the ILO. Mr Muhammed Muqtada was the key counterpart to the Chinese team of academics. He provided extensive guidance to the team and drafted this shortened English version of the study. Peter Auer, Michael Henriques, Suktি Dasgupta, Liu Xu and Claire Harasty also provided comments and inputs at various stages of the preparation of the study. Azita Berar Awad, Director of the ILO Employment Policy Department, Constance Thomas, former Director and Ann Herbert, Director of the ILO Beijing Office provided overall guidance to the ILO team.

Mr Li Junwei and Mr Wang Tiean translated the original Chinese study into English. Ms Veronica Mills edited the English version of the study.

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