



► Policy Brief

July 2020

China – Rapid assessment of the impact of COVID-19 on employment¹

Key points

The COVID-19 crisis has had a major impact on employment in China. From the onset of the crisis, the Government adopted a wide range of policies to support enterprises and protect workers. These policies have prioritized employment, though not all policies have been yet fully implemented. Stronger implementation and more integrated employment policies are needed, while continuing to adapt to the economic recovery in a more flexible and fragile labour market.

Even before the COVID-19 crisis, China had been facing slower economic growth and rising unemployment. Between 2010 and 2019 growth fell from 10.6 to 6.1 per cent and since 2018 there has been a rise in unemployment. This slowdown was partly because the economy had steadily been restructuring toward higher-value manufacturing output, which reflects a gradual shift from economic expansion to higher quality growth. But China had also been under pressure from the disputes over trade. Meanwhile, over the past ten years the number of college graduates has been increasing each year, putting further pressure on jobs.

Then came COVID-19. The first wave of impact was felt in late January 2020. People were urged to stay at home, and the majority of businesses closed – effectively shutting

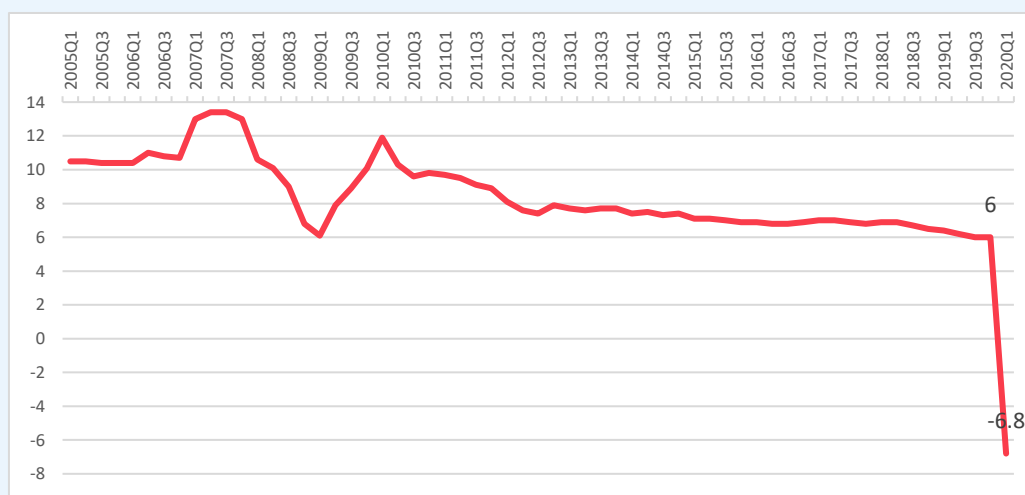
down the domestic economy. The second wave was in mid-March when WHO declared the COVID-19 outbreak a pandemic. In this situation, workers were at risk of losing their jobs or had to accept reduced working hours, furlough, or extended leave (paid or unpaid).

The economic and employment impact

At the beginning of 2020, economic growth fell to its lowest level for 40 years. Indeed between the last quarter of 2019 and the first quarter of 2020, growth fell by almost 13 percentage points, from 6 per cent to -6.8 per cent (year-on-year) (Figure 1).

¹ The policy brief was prepared by Yadong Wang, Employment, Labour Markets and Youth Branch (EMPLAB), Employment Policy Department, ILO. The policy brief benefited greatly from inputs and information provided by Xiaojian Zhang, President of China Association of Employment Promotion, former vice-minister of the Chinese Ministry of Human Resources and Social Security, MOHRSS; Haishan Cai, deputy director-general of Employment Promotion Department, MOHRSS; Zhigang Yao, director of Planning and Finance Department, MOHRSS, colleagues at the All-China Federation of Trade Unions (ACFTU), Hansong Liu, director-general, China Enterprise Confederation, and Zhong Zhao, Professor, Renmin University.

► **Figure 1. Real quarterly GDP growth rate (year-on-year) (%), 2005-2020**



Source: National Bureau of Statistics. http://www.stats.gov.cn/tjsj/zxfb/202004/t20200417_1739602.html

Apart from financial services and information technology, all other sectors were hit, many of them employment-intensive. The first quarter decline in output of the accommodation and catering sector, for example, was 35 per cent; 18 per cent in wholesale and retail trade; 18 per

cent in construction; 14 per cent in transportation, warehousing and postal services; and 10 per cent in manufacturing (Table 1). During the Spring Festival more than 90 per cent of catering businesses closed.²

► **Table 1. Output growth and employment by sector in 1st quarter, 2020**

Output by industry and sectors	Output (CNY 100 million)	Output growth (%)	Employment by sector in 2018 (000s)	Employment share of women in 2018(%)
GDP	206 504	-6.8		
Total employment in secondary and tertiary industry			532 548	40.0
Manufacturing	53 852	-10.2	121 087	40.6
Construction	9 378	-17.5	67 594	14.0
Wholesale and retail trade	18 750	-17.8	104 517	48.8
Transportation, warehousing and postal services	7 865	-14.0	26 078	21.3
Accommodation and catering	2 821	-35.3	29 422	55.2
Financial services	21 347	6.0	18 316	57.5
Real estate	15 268	-6.1	14 406	41.2
Information transmission, software and information technology services	8 928	13.2	10 555	38.2
Leasing and business services	7 138	-9.4	25 894	36.3

Note: CNY refers to Chinese Yuan Renminbi, the name of Chinese currency. On 31 March, 1USD =7.0851CNY.

Source: (1) Data for GDP and output are from the first quarter report of NBS 2020. Details can be found at:

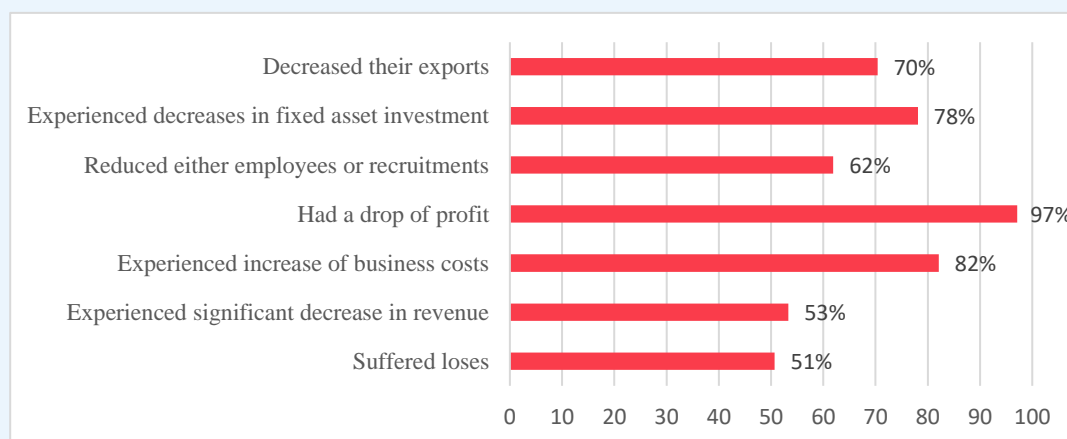
http://www.stats.gov.cn/tjsj/zxfb/202004/t20200417_1739602.html; (2) employment data are from the 4th China Economic Census 2019. <http://www.stats.gov.cn/tjsj/tjgb/jjpcgb/>

² The Spring Festival celebrates the beginning of a new year on the Chinese lunar calendar. Traditionally the festival lasts two weeks, the first week is officially the public holiday. In 2020, the Spring Festival was from 24 January to 8 February.

The severity of the impact was highlighted in February 2020 in a survey of the top 500 manufacturing enterprises by the China Enterprise Confederation.³ Of the 299 enterprises that responded, more than half reported

losses and more than 60 per cent had reduced either their workforce or recruitment of workers (Figure 2).

► **Figure 2. Business survey, 1st quarter, 2020, percentage of respondents**



Note: Of the top 500 enterprises contacted, 299 responded – 200 private and 99 state-owned.
Source: China Enterprise Confederation.

The impact of a decline in external trade on China's workforce was significant since around 180 million workers are employed in global supply chains.⁴ Of these, around 17 million work in the textile sector, or in wholesale or retail trade of textile and apparel. In March 2020, the volume of textile and apparel exports fell by 15 per cent. An online survey in April 2020 of 166 enterprises by the China National Textile and Apparel Council, found that 86 per cent of respondents had insufficient orders, 57 per cent had order cancellations, and 70 per cent had less than half their normal export orders.⁵

A significant impact on gender

The COVID-19 crisis has severely affected the employment of women since a large proportion are working in the hardest-hit sectors (Table 1). The employment share of women in accommodation and catering was 55 per cent, in wholesale and retail trade 49 per cent, in manufacturing

41 per cent, etc. The domestic service sector, which employed 30 million domestic workers, of those 96 per cent are women,⁶ lost almost all the orders by the end of February.⁷ Another reason for higher unemployment of women is motherhood and family care. Many expecting women chose to quit jobs in fear of infection of COVID-19. The burden of care for older people and children was exacerbated by the lockdown as school children stayed home and the elderly were mostly kept indoor, resulting in greater care responsibilities for women.

A survey on the impact of the COVID-19 crisis on women workers conducted in May 2020 by two online institutes for women, Jianzhi - a large e-learning platform, and Ms Xing's - the largest women's psychological consultation platform in China, found that of the 7,209 respondents, 67 per cent kept their jobs in May, but 9.9 per cent were unemployed. One of the reasons for unemployment was working in the hardest-hit sectors. For example, in the

³ The survey covered 160 state-owned enterprises and 340 private enterprises. Of the 299 responding, 99 were state-owned enterprises and 200 were private. Information shared by Hansong Liu, CEC.

⁴ Mr Nashan Zhong, minister of Chinese Ministry of Commerce at a press conference in September 2019. <http://www.mofcom.gov.cn/article/ae/zfbh/201909/20190902901363.shtml>

⁵ The survey report was launched by CNTAC, which can be found at <http://www.fx361.com/page/2020/0506/6622646.shtml>

⁶ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-beijing/documents/publication/wcms_565485.pdf

⁷ Press conference of the joint prevention and control mechanism of the State Council on 26 Feb. 2020. <http://www.gov.cn/xinwen/gwylfkjz32/>

female-dominated life service sector, 17.5 per cent of respondents were unemployed, 32.5 per cent were furloughed, 30.6 per cent were without salary (full-time mom and freelancer), and 30.5 per cent were working with a reduced salary. The survey also found that over 29 per cent of the respondents were unemployed because of pregnancy during lockdown, while another 30 per cent were unemployed because of family care, especially the school closures of their children.⁸

The risks for MSMEs

Although larger enterprises were badly affected, even worse off were many micro, small and medium-sized enterprises (MSMEs). In 2018, China had 18 million MSMEs, which employed 233 million people, around 80 per cent of the workforce in enterprises. Of these, 85 per cent were micro-sized enterprises.⁹ Many were also in wholesale and retail, accommodation and catering, or were part of manufacturing chains.

Since the smallest enterprises have the least reserves, they are at greater risk during such downturn, which was highlighted in two surveys. The first in early February 2020 was by Alibaba Group Holding Limited, which contacted 20,000 SMEs, and found that 73 per cent were unable to operate normally or had been forced to stop production, while 88 per cent were losing money every day.¹⁰ A second survey of 995 SMEs was carried out in early February by the School of Economics and Management of Tsinghua University, and HSBC Business School of Peking University.¹¹ Of the respondents, 34 per cent said they could only survive for one month, and 85 per cent could survive a maximum of three months if the lockdown continues and no adequate liquidity is injected to enable them to weather the crisis.

The risks for migrant workers

The sudden shock to businesses was felt in turn by migrant workers – whose household registration is still in a rural area but have transferred to non-agricultural sectors or gone to an urban area for employment. In 2019, there were 291 million migrant workers (of those, 31 per cent are women) who make up 51 per cent of the workforce in services, 27 per cent in manufacturing, and 19 per cent in construction (Table 2).¹² Most are employed in the hardest-hit sectors. In accommodation and catering, for example, over 60 per cent of the jobs are filled by migrant workers – and the output of this sector decreased by 35 per cent in the first quarter of 2020.¹³

► **Table 2. Distribution of migrant workers by sector, 2019**

Sector	Employment (000s)	Share (%)
Manufacturing	79 671	27
Construction	54 374	19
Wholesale and retail trade	35 183	12
Transportation, warehousing and postal services	19 191	7
Accommodation and catering	19 191	7
Residential service, repairing and other services	35 474	12
Other services	37 509	13

Source: Monitoring report on migrant workers 2019.

Normally, migrants return home during the Spring Festival – which in 2020 was from 24 January to 8 February. Traditionally, the festival lasts two weeks, of which the first is the official public holiday. About 125 million migrant workers went back to their hometowns, but by the end of February, only around 100 million had returned to work.¹⁴ This suggests that 25 million migrants were either waiting to return to work, because their enterprises have not yet resumed production, or were unemployed, or had no desire to look for jobs again.

⁸ Details can be found at: <http://www.cet.com.cn/xwsd/2590869.shtml>

⁹ The Report on the fourth National Economic Census launched on 18 December 2019. Details see at: http://www.stats.gov.cn/tjsj/zxfb/201912/t20191218_1718313.html

¹⁰ <https://finance.sina.cn/china/cjpl/2020-02-25/detail-iimxstf4273298.d.html?from=wap>

¹¹ Wuxiang Zhu, JunLiu, Weiwei, Survey report on 995 SMEs. 02 May 2020. <https://www.weiyangx.com/349815.html>

¹² *Monitoring report on rural-urban migrant workers 2019*. Launched on 30 April 2020 by National Bureau of Statistics of China. Details see at: http://www.stats.gov.cn/tjsj/zxfb/202004/t20200430_1742724.html

¹³ Employment in Accommodation and catering divided by migrant workers in the sector: $1932 \div 3214.9 = 60\%$

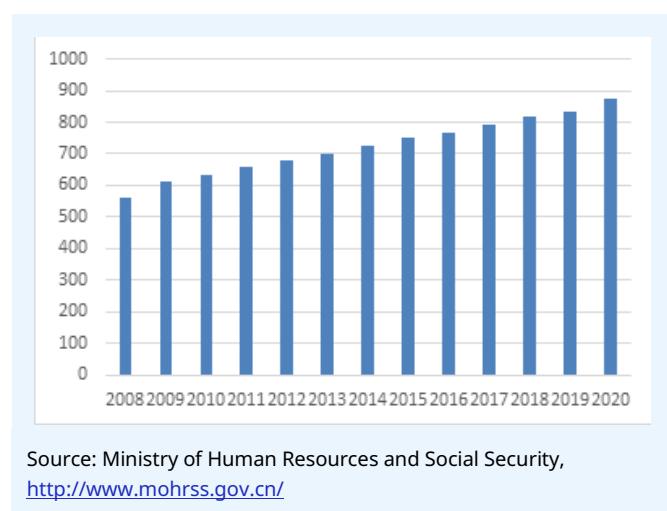
¹⁴ Zhong Li, vice minister of MOHRSS at a press conference on 19 March 2020. <https://m.chinanews.com/wap/detail/zw/gn/2020/03-19/9130533.shtml>. However, this figure by the end of February differs from provinces, e.g. 95% for Sichuan province, 38% for Henan province, 29% for Yunnan province, 12% for Chongqing municipality, etc. <http://news.stcn.com/2020/0227/15685977.shtml>

Those who were waiting to return to work would be covered by employment maintenance policies, the unemployed would be covered by employment policies to find local job opportunities.

Students graduating in a difficult year

Also at risk during the crisis are the group of college graduates whose numbers have been rising – in 2020 reaching a record high of 8.7 million (Figure 3).

► **Figure 3. Number of college graduates (10,000s), 2008-2020**



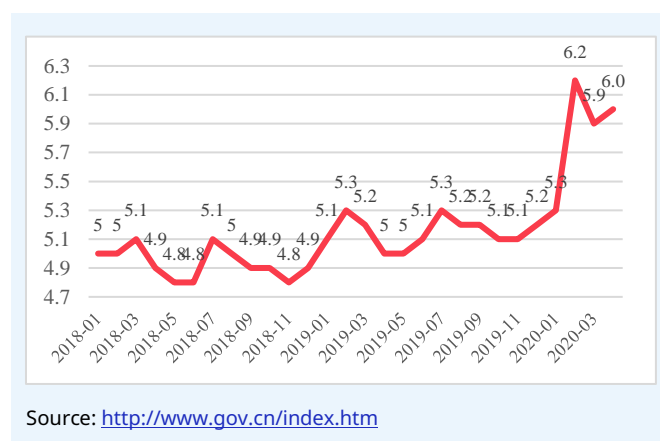
As a result of the COVID-19 crisis, enterprises now need fewer new recruits. In 2020, Guanghai School of Management, Peking University, and Zhaopin, a leading online employment service provider, published a joint report which estimated that in the first two months of 2020 both the number of job vacancies, and of workers needed by employers, fell by around one-third.

Enterprises also usually organize university campus recruitment campaign ahead of student graduation in June. The campaign normally opens in January, reaches its climax during March and April, and closes in May. However, for 2020, 51job, a leading online recruitment platform,¹⁵ reported that about one-third of employers were postponing or cancelling their recruitment activities.¹⁶

A steep rise in urban unemployment

The impact of the COVID-19 on the labour market as a whole is evident in rising unemployment. Between January and February 2020, the urban unemployment rate jumped from 5.3 to 6.2 per cent – a record high – though it fell to 5.9 per cent in March (Figure 4). Moreover, between January and March total employment decreased by over 6 per cent – while 18.3 per cent of the total urban employed population were still on furlough. Unemployment was even higher for young people aged 16-24, reaching 13.8 per cent in April.

► **Figure 4. Urban unemployment rate (%), 2018-2020**



In 2019, the urban employed population was 442 million people. Around one-quarter of these, over 100 million, were affected by COVID-19 (Figure 5).¹⁷ These comprised three groups: the first and largest were the 76 million workers on furlough – they may get paid, but have to accept reduced working time, and lower incomes and social insurance payments. Some of them were on employment retention schemes, such as the unemployment insurance refunding scheme. Others were on training programmes such as the internet-plus skills training scheme, and still others were supported by other social assistance programmes, such as the special maternity scheme, or family care assistance. The second largest group was the 27 million workers who had exited the labour market, with no desire to work again, or who wanted to work but were not actively seeking jobs. The

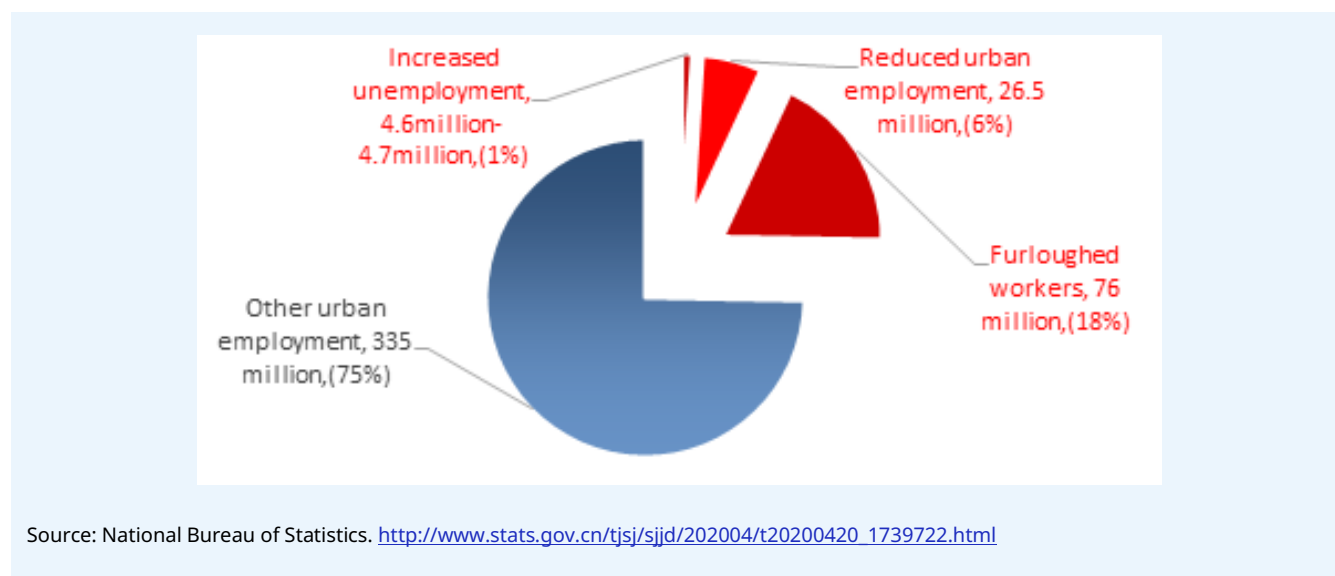
¹⁵ 51job (NASDAQ:JOBS) offers recruitment solutions, training and assessment, and HR outsourcing and consulting services.

¹⁶ Details can be found at: <https://zhuanlan.zhihu.com/p/133951117>

¹⁷ Mr. Xiangquan Zeng, director of China Employment Institute of Renmin University. https://finance.sina.com.cn/wm/2020-05-06/doc-iiucyvi1568042.shtml?cre=tianyi&mod=pcpager_focus&loc=18&r=9&rfunc=100&tj=none&tr=9

third group and smallest group were the 4.6 million people unemployed.¹⁸

► **Figure 5. COVID-19 impact on urban employment, 1st quarter, 2020**



With less work available, the average weekly working hours fell – from 47 hours in January to 40 hours in February. There were also declines in per capita disposable income – in urban households by 3.9 per cent, and in rural households by 4.7 per cent. Moreover, even those who were still working often had lower-quality employment and were at constant risk of unemployment.

Some comparisons can be made with two previous shocks to employment: the 2008-9 global financial crisis, and the 2003 SARS epidemic, point to an unprecedented employment impact due to the COVID-19 crisis. This time, however, there are clear differences since the economy and the labour market have been transformed. For the past six years the main driving force of the economy has been consumption.¹⁹ In 2003, consumption contributed only 35 per cent of GDP growth, while by 2008 and 2019, it contributed 46 per cent and 58 per cent, respectively. Since this crisis hit hard at consumption, it caused unprecedented economic disruption, with an uneven

impact on different population groups; also, the COVID-19 crisis is having a much greater effect on employment. This is indicated in Table 3, which shows that between 2003 and 2019 the proportion of people employed in tertiary industries rose from 29 to 46 per cent, and Table 1 shows that tertiary industries were most affected by the COVID-19 crisis.²⁰ Moreover, many more people are now working in private enterprises and individual businesses, and the number of college graduates entering the labour market each year has more than doubled; Moreover, this time the impact has lasted longer and the pandemic has had a sweeping global impact, breaking supply chains in China and around the world. Combined with existing conflicts in the international trade, this crisis is leading to a complex and uncertain economic outlook.

¹⁸ The calculation is based on 442 million urban employment: (1) one percentage increase of the unemployment equals to an increase of 4mn unemployment: $(442\text{mn} / (1-5.2\%)) \times 1.0\% = 466\text{mn}$; (2) 6.0 per cent reduction of urban employment equals to a reduction of 26.5mn employment in urban: $442\text{mn} \times 6\% = 26.5\text{mn}$; (3) 18.3 per cent of workers staying off work equals to 76 mn workers: $(442\text{mn} - 26.5\text{mn}) \times 18.3\% = 76\text{mn}$.

¹⁹ Press conference of the State Council on 21 January 2020. http://www.gov.cn/guowuyuan/2020-01/22/content_5471405.htm

²⁰ Primary industry refers to agriculture, forestry, animal husbandry, and fishery; Secondary industry refers to mining industry, and manufacturing, electricity, heat, gas and water production and supply industry, construction industry; Tertiary industry, namely service industry, refers to other industries except the first industry and the second industry.

Table 3. Three crises and the employment situation in China

	SARS epidemic 2003	Global financial crisis 2008	COVID-19 pandemic 2020
Employment share by type of industry ①			
Primary	49%	40%	26%
Secondary	22%	27%	28%
Tertiary	29%	33%	46%
Workers in private enterprises①	43 million	79 million	214 million
Individual businesses ²¹ ①	46 million	58 million	161 million
College graduates③	2 million	6 million	9 million
Migrant workers①	114 million	24 million	291 million
Affected regions, sectors and groups	Guangdong province, Beijing, Hong Kong, etc.; Transportation, retail trade, accommodation and catering, tourism; Migrant workers, college graduates, laid off workers from state-owned enterprises, SOEs.	Mainly in southeast coastal areas; Export sector, manufacturing; Migrant workers, college graduates.	Nationwide; Tertiary and secondary industries; Migrant workers, college graduates, and others.
Impact on employment	8 million migrant workers went back to their home town in May 2003②; The re-employment of the 28 million laid off workers from SOEs became more difficult③.	10 million migrant workers lost jobs; Registered unemployment population reached 9.2 million④.	Affected over 100 million urban workers ⑤, and around 25 million migrant workers.

Source: ① Employment data are all from NBS. <http://www.stats.gov.cn/tjsj/ndsj/2019/indexch.htm>, ② Ministry of Agriculture, ③ MOHRSS, ④ Yadong Wang, <https://news.un.org/zh/audio/2010/06/296832>, ⑤ China Employment Institute of Renmin University.

China's strategy for resuming production

On June 7, 2020 the Government launched a white paper: *Fighting COVID-19: China in Action*.²² This divided the process into five stages:

1. Rapid response to the public health emergency (27 Dec-19 Jan)
2. Containing the spread of COVID and turning the tide (20 Jan-20 Feb)
3. New cases drop to single digits (21 Feb to 17 March).
4. COVID-19 effectively controlled in Wuhan city and Hubei Province (18 March to 24 April)
5. Prevention and control of COVID-19 across the country come into a normal (29 April onwards).

In developing its strategy, the Government had to strike a balance between containing the COVID-19 epidemic and protecting the economy and employment.²³ In stage 1, during the lockdown, employment was addressed primarily through schemes for job retention, vocational training, and social assistance. In stage 2, after the epidemic had been brought under control, the State Council issued national guidelines for resumption of production while ensuring the safety and health of workers.²⁴ This has three interrelated components: an integrated approach, phased resumption of production, and supportive measures (Figure 6).

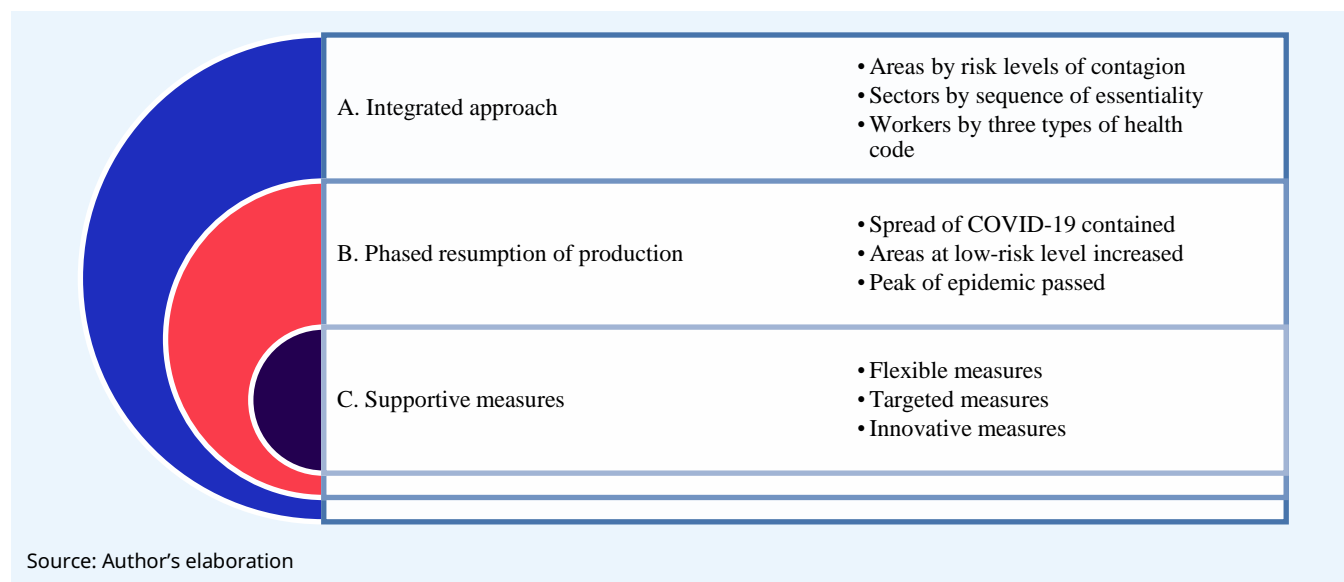
²¹ Also called Individual Industrial and Commercial Household, refer to an individual person or a family who register with the industrial and commercial administrative departments and run business in industrial and commercial sectors. An individual business is not defined an enterprise, but it can hire maximum seven workers. Source: Regulation on Individual Industrial and Commercial Households, issued by the State Council on 31 March 2011.

²² http://english.scio.gov.cn/whitepapers/2020-06/07/content_76135269.htm

²³ <https://www.ilo.org/global/topics/coronavirus/country-responses/lang--en/index.htm#CN>

²⁴ *Guidelines on resumption of production and work*, launched by the central government on 7 April 2020. http://www.gov.cn/zhengce/content/2020-04/09/content_5500698.htm

► **Figure 6. Three components of the strategy of resumption of production**



An integrated approach to the resumption of production

Resumption has required an integrated approach.²⁵ Priorities have been set by geographical area, based on the classification of contagion risks; by sector, depending on how essential each was to the economy, and by worker depending on their health status and vulnerability.

Areas – These were classified according to levels of contagion risk – high, medium or low.²⁶ Each province is also required to classify cities and counties – resuming production only if the risk is medium or low.

Sectors – These were classified according to how essential they were. The first to be encouraged to maintain or resume their activities were those in public services, or providing daily necessities. Second came sectors key for economic recovery: manufacturing, major projects, and online logistics. For the third category, businesses could open but only under certain conditions. Thus, public transportation could open with limited passengers. Outdoor catering and tourist attractions could open up

only with a limited flow of visitors. For businesses in the fourth category, resumption was restricted. This applied to businesses with higher risks of infection – involving large crowds, such as sports and entertainment, or operating in closed places such as indoor restaurants.

Workers – Each worker has a code to indicate their coronavirus status: green, yellow or red, which indicates no risk, moderate or high risk respectively²⁷. Only workers with green codes can return directly to work without quarantine. For those with yellow codes, the quarantine period is seven days, and for those with a red code 14 days. Each region and enterprise is required to take prevention measures and make emergency plans. If new workers are hired from a different region, their health codes will be checked.

Phased resumption of production

By mid-March, although the epidemic was still spreading, the number of confirmed cases of COVID-19 had declined,

²⁵ Xiaojian Zhang, President of China Association of Employment Promotion, CAEP. Special Issue No 1. On Measure taken by the Chinese government to ensure employment and promote work resumption against the COVID-19 outbreak. 21, April 2020.

²⁶ High-risk areas: there are more than 50 cases in total, and there is a cluster epidemic within 14 days. Medium-risk area: there were newly confirmed cases within 14 days. The cumulative number of confirmed cases did not exceed 50, or the cumulative number of confirmed cases exceeded 50, but no cluster epidemic occurred within 14 days. Low-risk area: No confirmed cases or no new confirmed cases for 14 consecutive days.

²⁷ The Code is issued by provincial government and mutually recognized by other provinces. Workers can use different apps to create and update their code, once certain criteria (which differ from provinces) have been met, the type of the code will be adjusted automatically. The National Universal Health Information Platform and National integrated government service platform provide a data bank on national daily cases and risk levels of different provinces to support the mutual recognition of the code.

particularly in the southeast coastal areas.²⁸ And the risk levels were decreasing across various provinces and cities. The Government decided therefore to reopen more of the economy and resume production. The China Association for Labour Studies analysed the reopening across ten sectors, and identified three phases of resumption of production.²⁹

Phase I – From the end of the Chinese New Year, 8 February 2020, the first and second categories of sectors were the first to resume though many enterprises remained undecided.

Phase II – From the second lunar month, 23 February 2020, large and medium-sized enterprises and the construction

sector started to resume. More areas were classified as low-risk so more workers were able to return to work.

Phase III – From mid-to-late March, China had passed the peak of its epidemic, restrictions were eased, and most areas were listed as low risk. Markets started to recover, and service sector enterprises gradually resumed. The majority of workers had returned to work, though taking appropriate measures for prevention and control.

The China Association for Labour Studies also produced an overview on the resumption of production by sector (Table 4).

► **Table 4. Resumption of production by sector**

Sector	Enterprises	Resumption of production
Manufacturing <ul style="list-style-type: none"> 80 million migrant workers 	100 enterprises were surveyed, including Foxconn, LENS Technology, Beijing Jingdiao Group, Beijing Benz Automotive Co. Ltd, BMW Brilliance Automotive Ltd, Gansu Fuzheng Pharmaceutical Technology Co. Ltd.	Production resumed in mid-late February. However, in late March many enterprises lost orders from overseas markets, and supply chains were broken. Production restarted gradually in April, though more managerial personnel and professional technicians than front-line employees returned to work leading to an ‘inverted pyramid’. Enterprises producing medical materials, and processing health food have been either growing or recovering.
Construction <ul style="list-style-type: none"> More than 50 million migrant workers 	30 enterprises were surveyed, including China State Construction ENGRG Co. Ltd, China Railway Hi-Tech Industry Corporation Limited, Power China and Country Garden	Normally this sector opens for business after the Spring Festival. The China State Construction Engineering Corporation projects have hired millions of migrant workers, and that number in China Railway Hi-Tech Industry Corporation Limited exceeds 700,000, and Country Garden has 200,000. They all resumed production in phases in mid Feb. However, nearly a quarter of the SMEs in this sector have not yet resumed.
Domestic services <ul style="list-style-type: none"> More than 30 million migrant workers 	38 companies were surveyed, including Beijing Ainong, Guanjiabang, Hangzhou Santi Group, Suzhou King Housekeep, Fuzhou Shuren, etc.	This sector is recovering. For example, Hangzhou Santi Group in Zhejiang Province hired over 15,000 domestic workers from rural areas, about 80 per cent of them had returned to work in late April
Wholesale and retail, catering and hotels <ul style="list-style-type: none"> More than 50 million migrant workers 	30 enterprises were surveyed, including Beijing Xinfadi Agro Wholesale Market, Taiyuan Hexi Agro and Sideline Products Market, Kunlun Hotel, Beijing Xibei Catering Management Co. Ltd, Mahua Hand Pulled Noodle and Yellow River Hotel.	The two sectors were hit the hardest, and found it extremely difficult to resume its businesses. The main reasons were weak consumption during the epidemic, high prices of raw materials, high labour costs and high epidemic prevention costs. The survey found that three-quarters of restaurants were still closed. As of 22 April, Beijing Xibei Catering Management Co. Ltd, which has 390 stores in 59 cities across the country, had resumed around 90 per cent of its business, but only 30 per cent of the employees returned to work.

²⁸ From 21 January 2020, a nation-wide statistical reporting system was created. The National Health Commission updates the national daily cases on its official website and social media platforms. Provincial health departments report the local cases. Starting from February 3, the NHC has released the information in simultaneously English.

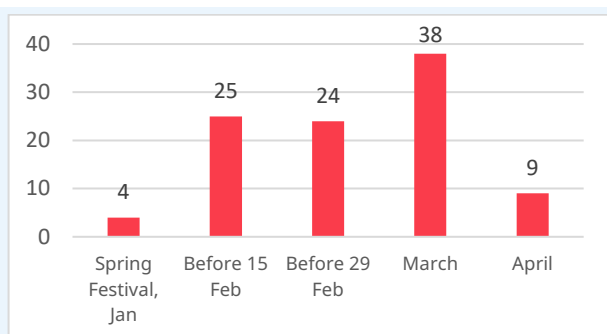
²⁹ Mr. Zhiming Yang, Counsellor of the State Council of Chinese Government, President of China Association for Labour Studies (CALs) under Ministry of Human Resources and Social Security (MHRSS), former vice-minister of MHRSS, authored the survey report launched on 6 May 2020. The report in Chinese can be found at <http://www.ceweekly.cn/2020/0506/296195.shtml>. The survey, covered around 500 enterprises in ten sectors nationwide, was conducted by the CALs in collaboration with Economic Information Council of Xinhua News Agency, 537 valid questionnaires has been received until 9 May 2020.

Sector	Enterprises	Resumption of production
New businesses such as express delivery, take-out service, on call services, etc. <ul style="list-style-type: none"> The sector has become a major job creator for new generation of youth and migrant workers. 	10 enterprises are surveyed, including Alibaba, JD.COM, Meituan, DiDi, CAOCAO, etc.	During the Spring Festival most businesses suffered. Resumption gradually increased after the Chinese New Year. In the first quarter of 2020, China's express delivery volume increased by 3 per cent year on year. Orders for take-outs dropped during the Spring Festival. Online taxi hailing declined, and the drivers' income was seriously affected. With the easing of restrictions and the reduction of public transportation, the online taxi booking business rebounded rapidly.
SMEs <ul style="list-style-type: none"> Around 100 million migrant workers 	200 SMEs were surveyed, including Suzhou David Wood Industry Co. Ltd., Shenzhen Woopow Food Co., Ltd., and Beijing Li Peiqing Cloisonne Studio,	Almost all the SMEs were severely damaged. Most were closed or about to be closed. Around half of the companies surveyed chose to resume business after March or April depending on how the market recovered. The survey concluded that the SMEs would not recover in the short term.
Culture and tourism	Ten enterprises were surveyed, including Eight Imperial Palace Handicrafts of Beijing Culture Development Co., Ltd, Beijing Jundeyi Culture Development Co. Ltd, etc.	As people have been staying at home, these types of enterprises have been closed since late January. The resumption of business depends on how the containment measures will lifted
Human resources service	Over 20 enterprises are surveyed, including CTGHR, FESCO, Shanghai Youlan, Guangzhou Red Sea Human Resource, Hebei Jilian, etc.	The resumption of business has been affected to some extent, but recovery was rapid – nearly 90 per cent of enterprises had resumed by the end of February. The resumption of these enterprises depends very much on the opening of other enterprises as well as the entry of jobseekers into the labour market. More than two-thirds of workers had returned to work by the end of February, thanks to the popular online human resource services and widely used teleworking technologies. Zhaopin.com, for example, has 1,582 employees; almost all resumed work through telecommuting on 3 February
Businesses employing migrant workers returning home	Over 10 enterprises surveyed, including Shenqu in Zheng'an County of Guizhou Province, Xunlong River Project in Changsha of Hunan Province, Metal Powder Company in Lingqiu County of Shanxi Province, "Poverty Alleviation Workshop" in Qin'an, Gansu Province	Most of the enterprises were located in regions without the epidemic, or had low risks of infection. They could therefore recruit local workers, and resumption of production took place earlier. Guizhou Zunyi Divine Comedy Musical Instrument Manufacturing Co. Ltd, for example, resumed production on 16 February; 120 of the 150 local employees had returned to work, and the first batch of goods was sent to Brazil, Japan and elsewhere on 23 February. The only challenge for most enterprises is that many orders have been lost.
Belt and Road Initiative	Several projects were surveyed, including the CSCEC Egypt project, the SINOMACH Serbia Hydropower Project, and CCC Indonesia's Jakarta Road and Bridge project.	Many projects employed Chinese migrant workers on construction work. Most returned to China for the Chinese New Year, but then then could not return.

Source: Based on the survey report on resumption of production in ten sectors. <http://www.ceweekly.cn/2020/0506/296195.shtml>.

The same survey indicated a phased resumption of production, most of the enterprises resumed production in March (Figure 7). Those resuming were mostly in manufacturing and construction. New modern services resumed faster than others, while wholesale and retail, catering and hotel lagged far behind. Among these, the small and micro enterprises have had more difficulties – 46 per cent of surveyed SMEs were making efforts to resume, 44 per cent could not resume in the short term, and 6 per cent were on the brink of closing down.

► **Figure 7. Enterprises resuming production, %**



Source: China Association of Employment Promotion, CAEP. Special Issue No. 5 on measures taken by the Chinese government to ensure employment and *promote work resumption against the COVID-19 outbreak*. 23, May 2020

Supportive measures

A series of measures have been taken to support the phased resumption of production, in line with the principle of putting workers' health and safety on the top priority.

Flexible work measures – Working hours/days have been staggered to help workers in various enterprises return at different times. Workers in the same enterprise who come from regions with different levels of risk have been able to return on different dates. Phased resumption of

production was also introduced by sector, by enterprise and by region.

Targeting measures – Important economic areas, such as the Yangtze River delta and the Pearl River Delta were encouraged to take the lead. Regions with lower levels of risk could offer incentives for resuming production. Five groups of essential workers were supported to remain at work or return to work: those producing anti-COVID-19 and prevention materials; those providing logistics for epidemic prevention and the necessary materials for life; those providing services to ensure the normal operation of food markets; those delivering on-line services, and those working on key projects, such as Vulcan Mountain, Raytheon Mountain and Square Cabin Hospital.

Addressing new forms of employment – Different ways of working have been encouraged including flexible employment,³⁰ work in the gig economy, teleworking, and shared employee³¹. The platform economy is also developing rapidly, especially online ordering, offline robot services, and contactless food delivery.³² Thanks to these initiatives, the catering sector, which before COVID-19 already used some of these forms of employment, was able to resume business more easily.

Nevertheless, the resumption is fragile, there have been further outbreaks, and full economic recovery is still some way off. The main obstacles include shortages of finance, high rents for workplaces, high prices of epidemic prevention materials, high labour costs, and the uncertainty created by the international pandemic. The outcome is hard to predict and policies and measures will need to be constantly monitored and updated. It will also be important to strengthen coordination and collaboration between different stakeholders and at different levels.

³⁰ Flexible employment has been used as an official term since early 2002 although there is no official definition. Generally, it refers to the work beyond the traditional form of employment, in terms of working time, wages, workplace, social insurance, employment relation, etc. The ILO concepts of non-standard employment and informal employment are not used officially in China. According to Premier Li Keqiang, there are now about 100 million labourers in flexible employment in China.

³¹ An emerged form of employment during the coronavirus epidemic in China. Several Chinese companies are temporarily hiring, or “sharing”, employees from businesses that haven't resumed operations or are only partially operating due to concerns over the COVID-19 epidemic. The so-called shared employees, known as gongxiang yuangong in Chinese, are being hired by supermarkets, e-commerce platforms' retail stores, and other companies or factories to ease the workforce crunch. Details can be found at: <http://language.chinadaily.com.cn/a/202002/28/W55e58b07fa31012821727b183.html>

³² On 18 July 2019, the State Council of the Chinese Government launched measures to support healthy development of the platform economy. Details can be found at: http://www.gov.cn/xinwen/2019-07/18/content_5410939.htm

The employment policy framework for responding to the COVID-19 crisis

On 18 March 2020, the Government announced its COVID-19 employment policy framework³³ aiming to control the epidemic while reopening the economy, which in principle was based on the policy launched in 2019 to address the employment challenge brought by the international trade

disputes. The framework comprises six pillars (Figure 8). The importance of employment security was further stressed in the Work Report delivered by Premier Li Keqiang at the third session of the thirteenth National People's Congress on 22 May 2020 – which said that employment policies would be reviewed and updated, adapting to the rapidly evolving situation.

► **Figure 8. Six pillars of employment policy to respond to the COVID-19 crisis**



³³ *Guidance on strengthening measures of employment security in response to COVID-19*, issued by General Office of the State Council. Document number: 2020-06. The policy document can be found at the website of the Chinese Government. http://www.gov.cn/zhengce/content/2020-03/20/content_5493574.htm

Maintaining employment

To sustain employment during lockdown, as well as post-lockdown policies to regain employment, a number of measures have been used.

- **Social insurance and subsidies** – A phased reduction and exemption of the payment of pension, unemployment and work injury. SMEs and enterprises in Hubei Province are exempted for five months, large enterprises for three months. Enterprises hit hard by the epidemic are allowed to postpone the payment of social security premiums. These policies are valid until the end of 2020. Return the unemployment insurance fund to enterprises: a total of 12-month contribution of the enterprise and its employees in the previous year. This policy has no time limit but is conditional on enterprise still facing difficulties in production; there are also subsidies for vocational training, wages, job-seeking, and business start-ups, etc. The subsidy policy has a rotation period of three years.
- **Tax and business costs** – Tax and fee reduction policies are to be implemented until the end of 2020. Income tax payments for SMEs and individual businesses were to be postponed to 2021. Electricity and broadband charges were to be reduced, and property owners were encouraged to reduce or postpone rent payments. Loans to SMEs were to be extended and increased.
- **Resuming production** – Support services were provided for major projects and key export enterprises – in manufacturing, construction, logistics, public service and agriculture, and through enterprises in low-risk regions. Disease prevention and control were identified as a priority in workplaces, canteens and dormitories.

Creating employment

Policies and measures have been taken to create more jobs. These include:

- **A National Economic and Social Development Plan** – This has been announced and was the first economic plan

that did not have a GDP target but instead emphasized employment. It was launched on 20 May 2020 with six priorities: stabilizing employment, ensuring basic livelihoods, supporting SMEs, food and energy safety, and supply chains, and providing essential public services.

- **Fiscal stimulus** – A fiscal stimulus of more than 6 per cent of GDP was announced in May at the third session of the thirteenth National People's Congress. This envisaged a CNY one trillion deficit in 2020, along with anti-coronavirus special bonds issued by national (CNY 1 trillion) and local governments (CNY 1.6 trillion). There were also reductions and exemption of CNY 2.5 trillion in taxes, fees and social insurance premiums.
- **Monetary policy** – Policy is to be more flexible and moderate while aiming for a stable exchange rate. There were to be reductions in reserve ratios and interest rates, along with re-lending to increase M2 money supply, and social financing. Enterprises were to have better accesses to loans.
- **Links to employment** – Investment was to be supported in employment-intensive sectors, with policies that are both employment- and environment-friendly. All major sectors were to carry out employment impact assessments and set employment targets. Enterprises were encouraged to relocate from coastal areas to the central and western regions³⁴.
- **Entrepreneurship development** – The Government was to improve procedures for business start-up including business registration, licensing, etc., and support venture capital enterprises that can create jobs. There will be loans for entrepreneurship development and support for workers to run their own businesses, which can amount to CNY 200,000 maximum. Workers who were affected by the coronavirus have priority to claim this policy.
- **Support flexible and new forms of employment** – This involves providing free markets, for example, places for street stalls, and other services to vendors.³⁵ Fees were

³⁴ China's regional development strategy which aims to support the underdeveloped central and western regions. One major initiative is to relocate sectors and enterprises to ease the burden of costs of labour, land and other resources, and to promote local economy and create more jobs to alleviate poverty in the central and western regions.

³⁵ This policy was promoted by Premier Li Keqiang in his Work Report, but local governments have the option to implement policies within specific local circumstances. Cities around China have started allowing people to set up roadside booths or food stalls on streets on a regular basis. Vendors had previously been banned to keep cities clean, but their return now is expected to help create more jobs, and revive local economies hit by the COVID-19 pandemic. Local governments will provide environmental protection assessments, designate business areas and deliver other services. For example, on condition that the normal arrangements of anti-COVID-19 are well implemented, Chengdu municipality, the capital of Sichuan Province, has arranged

cancelled and social insurance payments deferred; there would be loans for workers running businesses online and it would be simpler to start new platform businesses.³⁶ A coordination mechanism would be established to protect workers' rights in the new forms of employment

Assisting employment

These measures focus on four groups: migrant workers, poor workers, college graduates, and disadvantaged groups,³⁷ and on the targeted regions that refer to Hubei Province, and others seriously affected by COVID-19.

- **Migrant workers** – Migrant workers in low-risk areas were encouraged to return to work as quickly as possible while ensuring safety and health. They would be supported with the necessary subsidies and services, such as for transportation, sanitation and epidemic prevention. They would also get support from employment agencies and job brokers. Employment and business start-up subsidies, and tax and fee reduction policies would support workers temporarily unable to return to work outside their hometown to find local job opportunities.
- **Poor workers** – Jobs would be provided to poor workers first, and poverty alleviation programmes were to be restarted as soon as possible. More support would go to the poorest counties and areas of extreme poverty, along with local public works programmes. There would also be subsidies for large-scale employers of poor workers.
- **College graduates** – Enterprises were encouraged to recruit more students through tax incentives and subsidies, while SMEs were to get one-time employment subsidies for recruiting college graduates with contracts for over one year. State-owned enterprises were encouraged to recruit more graduate students and there would be efforts to create more jobs in public institutions, grassroots public management and social services. College graduates were given incentives to run their own businesses, or were encouraged to take internships, to apply for high-

level or to enrol for master or PhD degrees, or enter into military service.

- **Disadvantaged groups** – Employment assistance was extended to workers affected by coronavirus, along with employment for jobless families. There would be new public works programmes, such as for disinfection and epidemic prevention, along with cleaning and sanitation.
- **Areas seriously affected** – Specifically, this meant Hubei Province.³⁸ There would be job search allowances or business start-up allowances for graduates who lived or graduated in Hubei Province along with job fairs for students. National employment programmes were to recruit more students from Hubei. The aim was to ensure inter-regional employment equity by preventing employment discrimination against workers from seriously affected areas.

Skills and active labour market policies

These policies include training and employment services.

- **Large-scale vocational training** – Intensive vocational training is provided to unemployed people and migrant workers, and organizing pre-employment training for newly recruited migrant workers and college graduates. There would be subsidies to enterprises that were providing on-the-job training. For 2020-21, the aim is to place over 35 million workers on skills-training programmes, and enrol two million people in technical and vocational education training schools.
- **Improve employment services** – Public employment service agencies, college employment centres, and other service providers were encouraged to deliver services online. Alongside, however, there would also be telephone and SMS support for older workers and lower-skilled workers. Low-risk areas were to organize small-scale job fairs. Enterprises were to negotiate with employees to adjust salaries, arrange flexible working hours, maintain employment, and regulate layoffs.

more than 2,234 roadside business areas, 82 promotion areas on streets near large shopping malls, and 17,891 vending spots – which have already created over 100,000 jobs. See http://www.xinhuanet.com/finance/2020-06/01/c_1126057426.htm

³⁶ *Guidance on strengthening measures of employment security in response to COVID-19*, issued by General Office of the State Council. http://www.gov.cn/zhengce/content/2020-03/20/content_5493574.htm

³⁷ Disadvantaged group is defined by provincial government, which may include older workers, long-term unemployed persons, disabled persons and zero-employment families.

³⁸ Hubei Province is the hardest hit province, since the COVID-19 broke out in Wuhan city, the Capital of Hubei Province.

Income support

The aim of these measures is to maintain basic livelihoods. Employment policies should link with social assistance systems, including unemployment benefits and minimum living security.

- *Unemployment benefit* – A further six-month unemployment allowance is provided in addition to the 12-month benefits. Previously, people were required to have contributed for at least 12 months, but this requirement was been relaxed.
- *Other social insurance and social assistance* – After the additional 6 months, workers were covered either by minimum living security or other social assistance.

Policy implementation

Implementation is included in the policy framework. Effective implementation will depend upon:

- *Strong leadership* – For each article of the policy, implementation is allocated between 32 ministries, and tripartite social partners at national and provincial levels. The All-China Women's Federation would work with other stakeholders to support entrepreneurship development. China Disabled Persons' Federation is also responsible for employment of the disadvantaged groups.
- *Financing* – City and county governments were encouraged to make coordinated use of employment funds – for entrepreneurship development, vocational training, and unemployment risk prevention. Employment budgets should focus on the hardest-hit regions.
- *Reward system* – Regions implementing employment policies that significantly support target groups should benefit from rewards and incentives.
- *Monitoring* – Employment targets and implementation should be allocated between stakeholders who can monitor policies implemented, targeted groups employed, and budgets allocated and used.

Delivering employment policies and monitoring results

The above framework is quite comprehensive, but what has happened subsequently? After the new employment policies had been launched, the State Council of the Government immediately convened a video conference, Premier Li Keqiang sent his message and the Vice Premier Hu Chunhua delivered a speech to mobilize the country to implement the employment policies.

At the national level, ministries at the national level took steps to guide implementation. For example, the MOHRSS and the Ministry of Finance jointly issued guidelines on how to implement employment subsidy policies – clarifying who is eligible and how they can claim; there were corresponding steps at the local level. On 27 March, nine days after the national employment policy framework was issued, Hubei Province launched a provincial employment policy in line with the national framework; the national Government provided guidance, and worked together with Hubei Province in inter-provincial policy areas – such as policies and employment services for migrant workers and college graduates.³⁹

New institutions have been set up to support employers and workers. There is now a national system for recruiting workers to key enterprises – including those in epidemic prevention and control, public administrative and services, and those who supply daily necessities. In the first quarter of 2020, about 500,000 workers found jobs with the support of the national system; Working with other ministries and the social partners, MOHRSS has also established a service guarantee mechanism for migrant workers – providing information and services of job matching, transportation, and health checks. By 16 April, the enterprises had hired about 5.9 million migrant workers supported by the service guarantee mechanism.

Employment services and technical vocational education and training have increasingly taken advantage of digital technologies. This enabled timely delivery during the lockdown period, the extension of services to reach difficult regions and groups, and also facilitated public-private partnerships (Box 1).

³⁹ Details can be found at the website of the Chinese Government: http://www.gov.cn/xinwen/2020-03/28/content_5496534.htm

► **Box 1. Online delivery of employment policies to employers and workers**

- **100 Days and 10 Million Job fairs Action.** – This was launched on 20 March and as of 26 May, 1.65 million employers had opened 17.25 million job vacancies – 5.7 million for college graduates, and 4.6 million for migrant workers. Over 600 recruitment campaigns were organized. At the same time, 12 million job seekers sent out their resumes online. A total of 9,169 special recruitment events were launched nationwide, which included: (1) recruitment sessions of 42 sectors, such as medicine and health, life services, logistics and distribution, etc.; (2) recruitment sessions for target groups such as college graduates, migrant workers, unemployed, and low-pay workers; (3) on 17 May, the National Disabled Person Assistance Day, a special recruitment campaign was organized, and more than 8,700 vacancies were opened for disabled people. A total of 4,920 employment agencies participated in this recruitment promotion action, of which 1,626 were non-governmental and private providers. 15 provinces with low-risk levels opened public employment service centres, and delivered services to villages, towns, and communities.
- **100 Days Online Skills Training Action** – Launched on 8 April 2020, this aims to provide large-scale online free vocational skills training and help workers return to work. Up to 26 May there were 1,675 non-governmental online platforms at the provincial level, and 1,839 non-governmental online platforms at the prefecture level. As of 15 May, over 9.3 million workers had registered online for training courses, of which 7.9 million had participated.

Source: MOHRSS's website: <http://www.mohrss.gov.cn>

Social partners, such as the All-China Federation of Trade Unions (ACFTU) and the China Enterprise Confederation (CEC), have also been responsible for implementation. Both carried out surveys of enterprises on the resumption of production. ACFTU carried out two surveys: on 12-18 February, covering 51,200 workers and 30,000 enterprises, and on 20-25 February, covering 1,160 enterprises. The CEC also made an independent survey on the top 500 manufacturing enterprises on 25-28 February.

ACFTU has also worked with several ministries on online vocational training, and joined with MOHRSS, CEC and the All-China Federation of Industry and Commerce, in measures for resuming production and stabilizing employment relations.⁴⁰ CEC and the State-owned Assets Supervision and Administration Commission of the State Council organized an online dialogue with employers on digital technology and resumption of production, which on 2 April received over four million participants. The CEC also organized a video conference on stabilizing employment relations, with over 9,000 participants.⁴¹ The social partners have thus both made valuable

contributions to which have also been able to position themselves for responding to COVID-19.

The reductions in social insurance premiums have been welcomed by enterprises and workers. As of the end of April, CNY 340 billion of the three social security premiums had been exempted, of which around 80 per cent had benefited SMEs. Also, over the same period, CNY 35 billion of social insurance premiums had been suspended and CNY 47 billion of unemployment insurance fund payments had been returned to 3.5 million enterprises, benefiting over 90 million workers. In the first quarter of 2020, the employment subsidies amounted to nearly CNY 10 billion.⁴²

Nevertheless, not all the policies have been fully actioned. In April 2020, Horizon Research Consultancy Group, carried out a survey on the implementation of employment policies.⁴³ For social insurance policies, it found that delivery was 95 per cent and for the tax policies 83 per cent. Enterprises were generally satisfied with these but suggested that they should now be extended; however, delivery was lower at 55 per cent for subsidies

⁴⁰ Information provided by Zhengwei Zhao, All-China Federation of Trade Unions.

⁴¹ Information provided by Hansong Liu, China Enterprise Confederation.

⁴² Details see MOHRSS's website: <http://www.mohrss.gov.cn/>

⁴³ Information shared by Haishan Cai, Chinese Ministry of Human Resources and Social Security. The survey aims to evaluate the implementation of the SMEs policies of tax, social insurance, workplace

rent, subsidies, and credit. 358 SMEs in six municipalities, Beijing, Shanghai, Guangzhou, Shenzhen, Kunming and Harbin, participated in the survey. Since the survey was conducted in April, the Chinese Government has already adopted some suggestions from the survey at the third session of the thirteenth National People's Congress on 22 May 2020, e.g. to extend the valid period of social insurance policy.

and 20 per cent for credit policies. Rent reductions were found to have limited coverage and there have been long procedures for checks and approval.

Some policies were not well coordinated, and some local policies were just copies of national policies. For example, by 11 April, there were 214 national policies and 824 local policies on SMEs, but one-third of surveyed enterprises said these did not meet the needs of enterprises and over one-quarter said they did not understand them. Around 13 per cent of enterprises reported that the SME policies had been delayed, or had limited coverage.

How has the COVID-19 crisis changed national employment policies?

This summary of China's response to the employment challenges created by Covid-19 is necessarily incomplete, since the impacts are still being felt, and there are many hurdles on the way to economic recovery. Nevertheless, it is possible to arrive at some preliminary conclusions and lessons and consider the future implications.

Table 5 compares the response with two previous crises: the global financial crisis in 2009 and the SARS epidemic in 2003. This shows that the new employment policy framework builds on the existing measures and lessons learned. The COVID-19 response had to address issues of both demand and supply as well as deal with contractions in international trade. Therefore, employment needs to be put at the centre of social and economic development, and macroeconomic, sectoral policies, investment, trade and other policies should be pro-employment. The COVID-

19 experience also highlights the extent to which economic growth, now largely driven by consumption, is much more employment-intensive. Most of the employed population, including the most vulnerable groups, are in service sectors and SMEs, which implies a more fragile labour market that will be vulnerable to future health emergencies and economic crises. Given that the near future of work in China is also likely to involve long-term unemployment with increases in inequality and vulnerability, including gender inequality, employment policies will need to be more comprehensive and gender sensitive.

In future, even more workers will be employed in the platform economy, which should be seen not just as flexible employment but new forms of employment.⁴⁴ At the same time, flexible employment will become a more important source of work for vulnerable groups.⁴⁵ Governments at national and local levels will need to take a more human-centred approach – regulating the various and emerging forms of employment while also integrating employment policy with social security schemes. In this way, policymakers can try to ensure full, freely chosen, productive and decent work for all.

At a time of greater uncertainty, employment policy will therefore need to be more responsive and adaptable. This means not only adding or assembling elements of policy according to the prevailing economic and social development conditions, but also monitoring and evaluating the policy implementation and improving timely the employment policy framework that include targets, policies and measures, budgeting, and methods of policy implementation.

⁴⁴ Department of Innovation and High-tech, National Development and Reform Commission released at a Policy Briefing organized by the State Council that platform economy has created 60 million jobs in China by 2018. Details can be found at the website of the Chinese Government: http://www.gov.cn/zhengce/2019-08/09/content_5419951.htm

⁴⁵ Premier Li Keqiang said there are 100 million workers in flexible employment in China.

► **Table 5. Responses to three employment crises, 2003, 2009 and 2020**

	SARS epidemic, 2003	Global financial crisis, 2009	COVID-19 pandemic, 2020
Policy period	Three years. Extended after three years.	Three years. Renewed after three years	One year for the new policies. Other policies have the same period as before.
Targeted groups of the policies	Laid-off workers from the state-owned enterprises.	College graduates, disadvantaged groups; enterprises affected.	College graduates, disadvantaged groups; enterprises and regions affected by COVID-19; SMEs. Migrant workers
Stimulus and Economic policies for job creation	Labour-intensive sectors and traditional service sectors were emphasized. Flexible employment	CNY 4 trillion investment stimulus package, mainly in infrastructure aims to create 22 million jobs. Flexible employment.	CNY 6.1 trillion stimulus package; Link employment to investment and sectoral development; new forms of employment and flexible employment.
Employment retention	No policies	Postpone payment of social insurance; returning of UI fund; subsidies of social insurance, wage and training.	In addition to the existing policies, more unemployment insurances funds are used to maintain employment.
Resumption of production	No policies	No specific policies	Policies and services to help employers and workers to resume business; support major projects and key sectors.
Encourage recruitment	Deduction and exemption of tax and fees; subsidy of social security and salary.	Deduction and exemption of tax and fees; subsidy of social security and salary.	New policies to provide local jobs to migrant workers. Special fund for poverty alleviation. Comprehensive policies for college graduates.
Vocational training	Training subsidy; technician project.	Special training scheme	Largest-ever vocational training scheme.
Employment services	Free services; job guarantee; special activities to help employment	New services to migrant workers and zero- employment families	Largest-ever public employment services for resuming enterprises and migrant workers; largest-ever job fairs by sectors; digital employment services.
Business start-ups	Tax deduction and exemption; micro credit loan; financial support	Tax deduction and exemption; scaled-up micro credit loan; financial support	Extend policy coverage to workers affected by the epidemic. More support to workplaces that start businesses Scaled-up micro-credit loan.
Social insurance system	Extend coverage of social security to the laid off workers.	Extend coverage of social security; employment conducive social insurance.	Unemployment insurance, minimum living security and other social assistance system.
Implementation	Inter-ministerial coordination mechanism. Employment budget.	Inter-ministerial coordination mechanism. Larger employment budget.	Leadership mechanism. More employment budgets. Use more UI funds for vocational training.

Source: Author's elaboration

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