



## **China Employment Forum**

Beijing, China

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Co-organized by

Ministry of Labour and Social Security, PRC

&

International Labour Organization

## **Common Understanding**

The Chinese Ministry of Labour and Social Security and the International Labour Organization convened China Employment Forum from 28-30 April 2004 in Beijing. More than 400 representatives from the host country, ILO, other countries and international organizations participated in the Forum, which focused on the interrelated topics of globalization, restructuring and employment promotion. The Forum had extensive discussions on the issues of employment promotion in the contexts of globalization, poverty reduction, the impact of structural change and the modernization of the institutions for labour market governance. Recognizing that employment promotion is a core task in the ILO's Global Employment Agenda for the pursuit of Decent Work for All, and that the past and current work and joint efforts by China and the ILO in this field must take account of the quickening pace of globalization in recent years, the following Common Understanding has been reached. Employment is the key to people's livelihood and to sustained economic development and higher living standards. Employment is not only the means by which men and women make their living in the world of work, but also the means of their integration into society and finding self-esteem for themselves and their families. Therefore, employment is a key factor in reaching social harmony and stability. Equal employment opportunities for all, respect for workers' rights and full employment are of primary importance in achieving social justice, economic development and world peace.

As a developing country with the largest population in the world, China has made remarkable progress in promoting both economic development and social progress, with considerable success in employment stimulation and poverty reduction. In the process of economic transition, China has aimed at combining employment promotion with social security, employment expansion with economic adjustment, and at realizing employment quality through investing in human resource development.

Taking into consideration the greater integration into the global economy and new features of employment such as increased individual responsibility for job search and

high priority for re-employment of laid-off and unemployed workers, the Government has formulated and implemented a set of active employment policies with Chinese characteristics. These measures include macroeconomic policies promoting job creation and employment through structural change and small enterprise development, re-employment promotion policies targeted at vulnerable groups, labour market policies to provide job placement services and vocational training to laid-off workers and other unemployed persons; improvements in employment protection programmes and re-employment assistance; and social policies guaranteeing provision of basic living allowances and improvements in the social insurance system. This approach to employment promotion and the policies applied have achieved positive results and can hold important lessons for other countries as well. In the meanwhile, China faces a tremendous employment challenge due to the constraints of huge population base and its economic development level. The Forum emphasized that there will be a pressing need and long-term task to stimulate economic growth and improve labour markets in order to expand employment opportunities and enhance employment quality.

Employment is one of the fundamental rights of all citizens, and creating conditions for employment growth is a critical obligation of ILO member States. Strategies for improving the employment environment, working conditions and promoting employment for disadvantaged groups take place in a national context based on the level of development. Participants to the Forum recognize that differences in history, cultures and customs, economic development levels among countries and regions in the world have shaped employment forms. Respect for fundamental principles and rights at work provides a foundation for the formulation of mechanisms for the governance of labour markets, the promotion of employment and its contribution to economic development and social progress that reflect differing national circumstances.

Thus no matter what employment firms are formulated, fundamental rights at work should be equally respected and protected. Social dialogue by encouraging the social partners to participate in various ways in policy formulation and the decision-making process facilitates employment promotion, poverty reduction and democratic development. In this regard, participants appreciate progress made by the Government in ratifying and implementing international labour standards related to employment in particular, namely the Equal Remuneration Convention No. 100, Employment Policy Convention No. 122, Minimum Age Convention No. 138 and Worst Forms of Child Labour Convention No. 182. They further noted in the support of China to the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up.

Today, at the beginning of the 21st century, with rapid economic and technological change, there are unprecedented opportunities and challenges in the world of work. Unemployment and poverty are major constraints to economic development and social progress. Throughout the world, full and productive employment including

self-employment is the best means to ensure sustainable development. Employment and the enjoyment of rights at work should be the first step in addressing poverty and social exclusion. Promoting full employment through social dialogue should be the priority of economic and social policies, so that the labour force can engage in freely chosen productive employment and obtain secure and sustainable livelihoods.

The expansion of productive employment relies on economic growth, sound structural adjustment of the economy, improved employability through upgrading skills and good labour market functioning. Effective and targeted economic and social policies as well as appropriate participatory mechanisms are needed to ensure that economic growth results in an increased number of productive jobs and that the wealth generated is widely shared among social groups. Countries need to respond to their particular situation by creating effective regulatory systems and launching suitable economic and social policies so as to promote equal employment opportunities for men and women from all social groups and spread economic wealth more equitably.

Countries should also promote better conditions of employment relating to working conditions, working time, wage and work and family concerns. Bearing these in mind, the key elements discussed during this Forum include: (1) Stimulating labour demand by creating an enabling environment for entrepreneurship and promoting the establishment and expansion of small enterprises, including self-employment; (2) Strengthening tripartite social dialogue as an important mechanism for preventing and resolving conflicts, contributing to employment promotion and fostering social stability as well as for enhancing enterprise performance; (3) Upgrading knowledge and skills of workers to ensure their higher flexibility and employment security and prepare them for work in a knowledge-based economy; (4) Expansion and refinement of labour market policies for smooth and efficient re-allocation of labour, gradual establishment of a unified labour market, effective assistance to vulnerable groups; (5) Encouraging sound enterprise restructuring and productivity upgrading in a smooth and socially acceptable way; (6) Reform of the social security system and gradual extension of social protection to the groups of population currently excluded from the existing schemes, notably urban workers in flexible forms of employment and the vast rural population; (7) Protection of safety and health of workers, as well as environment protection should be an integral part of national policy for economic development and employment creation.

There is considerable scope through global alliances, as put forward in the Global Employment Agenda, for international cooperation activities in the field of employment. International organizations should actively support the centrality of employment goals in formulating economic and social policies and in identifying measures for reducing poverty. The international community should provide technical and financial assistance to developing countries to develop labour markets and upgrade skills of the work force.

The Government of China and the ILO together with other participants to the Employment Forum agreed to make concerted efforts, drawing on the core elements of the Global Employment Agenda, in promoting full and decent employment as the means to improve living standards and meet the needs and aspirations of all men and women in the world of work.