

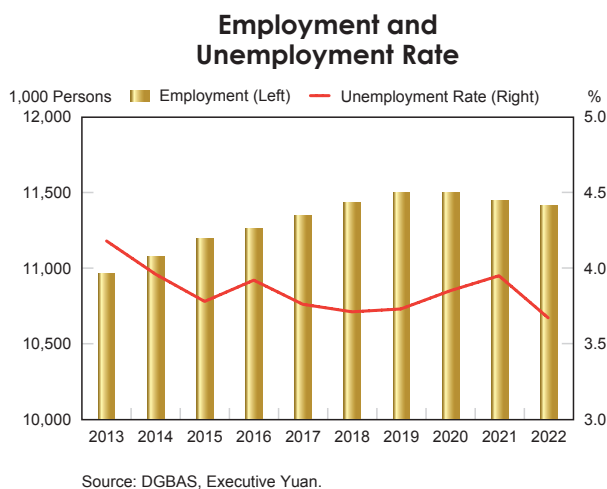
5. Labor Market

Decrease in Employment for Two Consecutive Years

As the domestic COVID-19 resurgence in mid-April 2022 battered the labor market, employment decreased from 11.47 million persons in the beginning of the year to 11.37 million persons in May. Afterwards, employment gradually picked up and reached 11.45 million persons in December as the pandemic's impact waned and the government eased pandemic-related restrictions. However, the average number of employed persons for the year as a whole decreased by 29 thousand persons or 0.26% from the previous year to 11.42 million persons, recording two consecutive years of decline. This was mainly attributable to a declining fertility rate and an aging population in Taiwan.³

In terms of employment by sector, the industrial sector was affected by the decline in export growth amid a global economic slowdown, as well as a shortage of construction workers, with employment decreasing by 17 thousand persons or 0.41%. Within this sector, employment in the manufacturing and construction sectors both registered the largest job losses with eight thousand persons each. Meanwhile, with the recovery of domestic demand and loosened border controls, employment in the services sector decreased only mildly by one thousand persons or 0.01%. Within this sector, employment in the wholesale and retail trade sector saw the larger decline of 28 thousand persons. Employment in the agricultural sector also went down by 12 thousand persons or 2.24%. Of total employment, the services sector accounted for the major share at 59.96%, up by 0.15 percentage points from the previous year, while the shares of the industrial and the agricultural sectors edged down by 0.05 and 0.09 percentage points to 35.40% and 4.64%, respectively.

In terms of employed persons by occupation, employment of white-collar workers⁴ accounted for 45.76% of total employment and increased by 35 thousand persons or 0.67%. Services and sales employment made up 19.91% of total employment and decreased by five thousand persons or 0.22%.



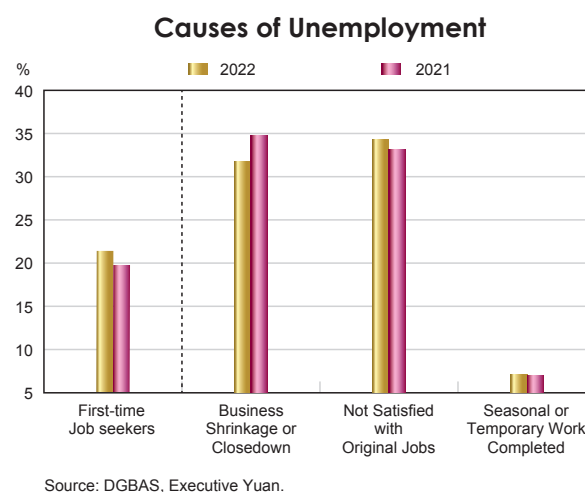
³ In 2022, the civilian population aged 15 and over was 20.03 million persons, a decrease of 165 thousand persons or 0.82% compared with 2021; the working-age population (people aged 15 to 64) was 16.3 million persons, a decrease of 186 thousand persons or 1.12% compared with 2021.

⁴ Including legislators, senior officials, managers, professionals, technicians, associate professionals, and clerical support workers.

while the employment of blue-collar workers,⁵ accounting for 34.33% of total employment, suffered the largest decline of 57 thousand persons or 1.43%.

Lowest Unemployment Rate Since 2001

The unemployment rate rose from 3.61% in the beginning of the year to 3.79% in August owing to the domestic coronavirus flare-up in April and the seasonal factor of new graduates entering the job market. Afterwards, the unemployment rate gradually moved down to 3.52% in December owing to the recovery of domestic economic activity amid an improving pandemic situation. For the year as a whole, the unemployment rate was 3.67%, the lowest since 2001.



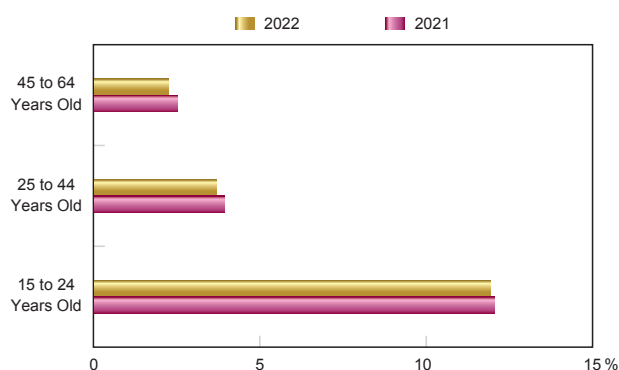
Reflecting the pandemic's impacts on experienced job seekers, unemployment duration increased by 1.01 weeks over the previous year to 21.25 weeks. In terms of age groups, unemployment duration of the age group 45-64 increased the most by 3.60 weeks to 22.90 weeks, followed by the 17.63 weeks for age group 15-24 with an increase of 0.64 weeks. The unemployment duration of the age group 25-44 remained 22.32 weeks. Meanwhile, the average number of the long-term unemployed⁶ was 58 thousand persons, an increase of eight thousand persons compared to that in the previous year.

In terms of causes of unemployment, total unemployment in 2022 was 434 thousand persons, decreasing by 37 thousand or 7.81% from the previous year, mainly because unemployment of experienced job seekers, with a share 78.23% of total unemployment, decreased by 36 thousand persons or 9.71%. Among them, unemployment because of shrinkage or closedown of business recorded the largest decline by 26 thousand persons or 15.76%, and its share of total unemployment also decreased from 35.16% the previous year to 32.13%, mainly because the nationwide level-3 epidemic alert in 2021 had a more severe impact on the labor market compared to the pandemic resurgence in 2022. Meanwhile, unemployment because of dissatisfaction with their original jobs dropped by seven thousand persons or 4.67%, with a 34.52% share of total unemployment. Unemployment because of conclusion of seasonal or temporary work also decreased by two thousand persons or 7.39%, with a share of 7.29%.

⁵ Including skilled workers in agricultural, forestry, fishing, and animal husbandry industries, and craft and machinery related workers.

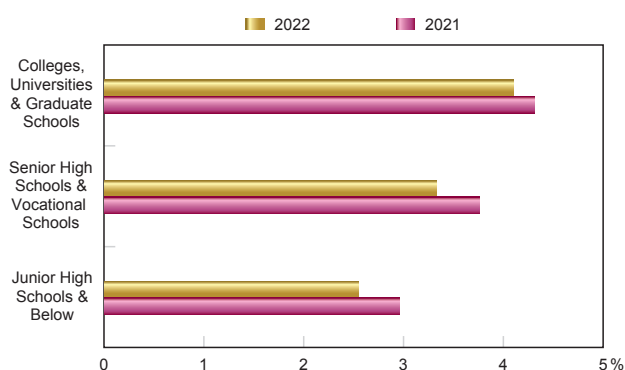
⁶ Referring to those who have been unemployed for 53 weeks or more.

Unemployment Rate by Age



Source: DGBAS, Executive Yuan.

Unemployment Rate by Education Background

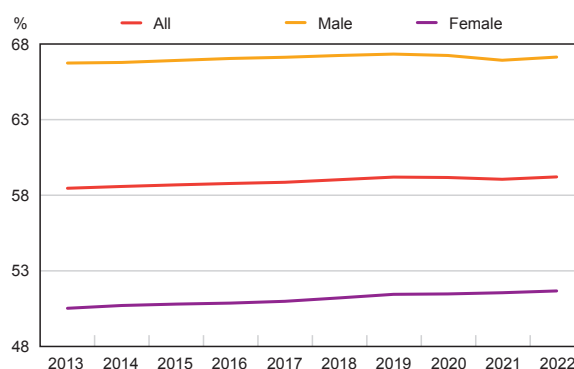


Source: DGBAS, Executive Yuan.

In terms of age groups, in the year 2022 the unemployment rates of people with the age groups 25-44 and 45-64 dropped by 0.24 and 0.26 percentage points from the previous year to 3.72% and 2.26%, respectively. The unemployment rate of the age group 15-24 also slid by 0.14 percentage points to 11.97%, the highest rate among all the age groups.

In terms of educational background, the unemployment rates shrank for all groups in 2022. For people with a junior high school degree or below, a senior high school or vocational school degree, and a college degree or above, the unemployment rate decreased by 0.41, 0.43, and 0.21 percentage points to 2.56%, 3.34%, and 4.11%, respectively. Younger persons and highly educated people suffered higher unemployment rates in 2022, reflecting a mismatch between skills acquired through tertiary education and demand for skills in the labor market.

Labor Force Participation Rate



Source: DGBAS, Executive Yuan.

Labor Force Shrank While Labor Participation Rate Increased

Affected by structural demographic changes driven by a declining fertility rate and an aging population in Taiwan, the labor force (employed and unemployed combined) decreased by 66 thousand persons, or 0.55%, to 11.85 million persons in 2022, declining for two years in a row. In addition, the non-labor force dropped by 99 thousand persons, or 1.2%, to 8.18 million persons. The average labor force participation rate went up by 0.16 percentage points over the previous year to 59.18% in 2022, the highest since 1993.

In terms of gender, the male labor force participation rate was 67.14%, an uptick of 0.21 percentage points from the year before. The female labor force participation rate has continued to grow since 2001 and it increased by 0.12 percentage points to 51.61% in 2022, showing that government policies have been effective in promoting gender equality, improving the work environment, and facilitating female employment in recent years.

In terms of age groups, the labor participation rates of age groups 25-44 and 45-64 increased by 0.63 and 0.84 percentage points to 89.98% and 65.49%, respectively, while that of age group 16-24 decreased by 0.08 percentage points to 36.73%. With the pandemic's impact diminishing, the labor force participation rate returned to the pre-pandemic level (59.17% in 2019), but remained lower than those of the United States (62.2%), Japan (62.5%), South Korea (63.9%), and Singapore (70.0%) owing to several structural factors such as the extension of schooling and early retirement.

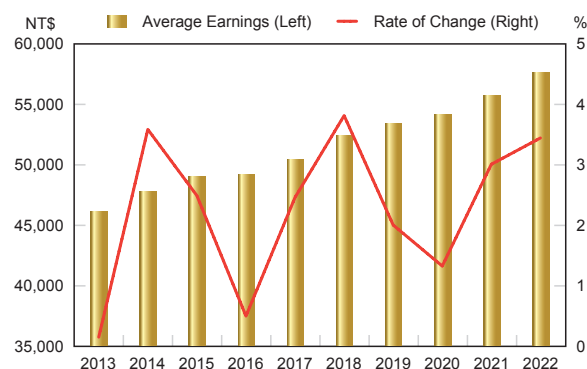
In terms of education background, the labor force participation rate of workers with a college degree or above rose by 0.38 percentage points to 66.60%, while the participation rates of workers with a junior high school degree or below and those with a senior high school or vocational degree dropped by 0.68 and 0.23 percentage points to 37.56% and 62.22%, respectively.

Modest Wage Growth

For the year 2022, the average monthly earnings per worker of the non-farm sector grew by 3.45% to NT\$57,718, the largest increase over the past four years. The increase mainly benefited from the recovery in domestically-oriented industries with the pandemic's impact alleviating, as well as higher pay (including regular earnings and irregular earnings such as overtime pay and bonuses) raises in the manufacturing sector on account of the expansion of exports. Accounted for a higher inflation rate, there was a modest increase of 0.48% in average real monthly earnings, which reached a historical high at NT\$53,741.

In terms of major sectors, industrial sector wages grew at a slower pace amid soft export growth in 2022, whereas the services sector performed better as an abated domestic pandemic and the easing of border controls gave a boost to consumer spending. The average monthly earnings of the industrial and services sectors grew by 4.69% and 2.55% to NT\$58,938 and NT\$56,840, respectively, while

**Amount and Rate of Change
of Average Earnings
of Non-farm Workers**



Source: DGBAS, Executive Yuan.

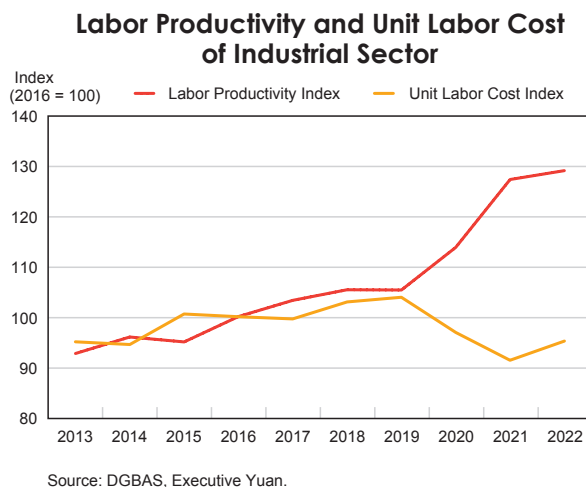
in real terms they increased by 1.69% and decreased by 0.39%, respectively.

In terms of industrial classification, the finance and insurance sector had the highest average monthly earnings with NT\$100,378, and the electricity and gas supply sector came in second with NT\$95,605. On the other hand, the education sector⁷ and the accommodation and food services sector earned average monthly wages of NT\$32,236 and NT\$36,113, respectively, the lowest two among all sectors owing to a large number of part-time employees in these sectors. In terms of growth rates, the transportation and storage sector's average monthly earnings witnessed the highest increase of 8.08%, followed by the manufacturing sector at 5.12%.

Labor Productivity and Unit Labor Cost Both Increased

As total production increased and total working hours decreased, labor productivity of the industrial and the manufacturing sectors rose by 1.37% and 1.48%, respectively, compared with the previous year. In the manufacturing sector, repair and installation of industrial machinery and equipment manufacturing registered the largest growth in labor productivity with 16.85%, followed by computers, electronic and optical products manufacturing, and other transport equipment and parts manufacturing, both increasing by 7.77%.

Since the increase in total earnings was higher than that in production, unit labor costs of the industrial and the manufacturing sectors increased by 4.20% and 4.16% year on year, respectively. Of all the manufacturing sectors, the leather, fur and related products manufacturing sector experienced the largest increase in unit labor cost with 23.29%, followed by basic metals manufacturing with an increase of 22.85%.



⁷ Excluding schools at all levels within the formal education system (except preschools).