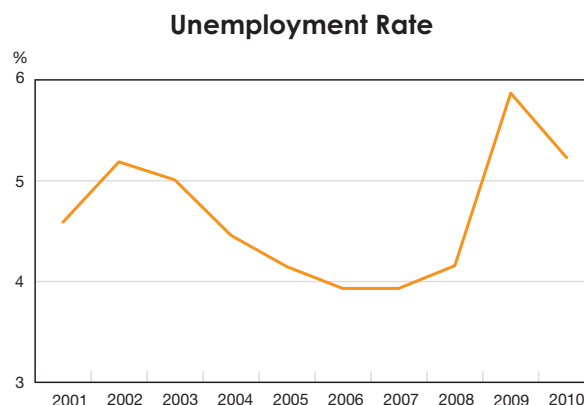


6. Labor Market

The acceleration in both the domestic and international economic recovery has boosted labor demand. Furthermore, additional jobs were also created under the government's continued efforts. For the year 2010, employment rose significantly as the number of jobless workers fell substantially. With the decline in the unemployment rate, the labor market improved and recorded an average unemployment rate of 5.21 percent, decreasing by 0.64 of a percentage point from 2009.



Source: Monthly Bulletin of Manpower Statistics, DGBAS, Executive Yuan.

Annual average employment amounted to a record high of 10.49 million persons in 2010. Jobs by sector, the service sector provided the most new jobs, followed by the industrial sector, while the agricultural sector had a modest increase compared to the year before.

In terms of earnings and labor cost, the industrial and service sectors registered an increase of 5.34 percent from the previous year as monthly earnings per worker averaged NT\$44,430 in 2010. Since the increase in total production outpaced that in total working hours, the labor productivity index for the industrial sector and the manufacturing industry rose 16.63 percent and 17.24 percent, respectively, while their unit output labor cost declined by 12.07 percent and 12.29 percent, respectively.

Average Employment Increased

The continued economic recovery and the government's measures to promote employment helped to create more jobs. Annual average employment in 2010 was 10.49 million, representing an increase of 214 thousand or 2.09 percent from the previous year. This showed that employment has rebounded to the pre-crisis level.

Broken down by sector, employment in the agricultural sector edged up by 7 thousand persons or 1.33 percent. The industrial sector saw a total employment increase of 85 thousand or 2.30 percent. Within this sector, manufacturing employment recorded the largest increase in 2010, rising by 71 thousand persons over the year; construction employment also increased by 9 thousand persons. In the service sector, employment grew by 123 thousand persons or 2.02 percent. Within the service sector, accommodation and food services accounted for an increase of 34 thousand people, supported by a hike in the number of Mainland Chinese tourists; the growing emphasis on medicine and health, as well as an aging population, also boosted the employment in medical services and social work to rise by 18 thousand

persons.

Marked Decline in Unemployment Rate

In the year 2010, the steady economic recovery generated more employment demand, gradually bringing down the unemployment rate. In June and July, the unemployment rate edged up 0.06 of a percentage point, the smallest increase ever posted, as college graduates and summer part-time job-seekers attempted to find jobs. In August, instead of trending up, the unemployment rate bucked its historic trend and recorded its third-ever decline for that month. From October, the decline further continued and the unemployment rate fell below the 5 percent target set by the government to reach 4.67 percent in December. For the year as a whole, the unemployment rate averaged 5.21 percent, with 577 thousand persons unemployed, a decrease of 62 thousand, or 9.66 percent, compared to the previous year.

Though the labor market has greatly strengthened, the average duration of unemployment still lengthened by 2.2 weeks from the previous year to 29.7 weeks. The annual average number of the long-term unemployed (those continuously unemployed for 53 weeks or more) was 105 thousand persons in 2010, an increase of nearly 4 thousand persons or 3.35 percent over the previous year. Among these people, the 25-44 age group accounted for 63.54 percent, while those with college education or above made up 41.75 percent. This showed that despite a positive economic turnaround and more job opportunities, job applicants still needed more than half a year to find a job. Meanwhile, long-term unemployment of the 25-44 age group and those with higher education remained a concern.

The number of the unemployed population declined by 62 thousand in 2010, primarily due to a significant decrease of 97 thousand in the number of involuntarily unemployed as a result of business closures or downsizing. This type of unemployment accounted for 41.57 percent of the total number, down significantly by 11.19 percentage points from 52.76 percent in the previous year.

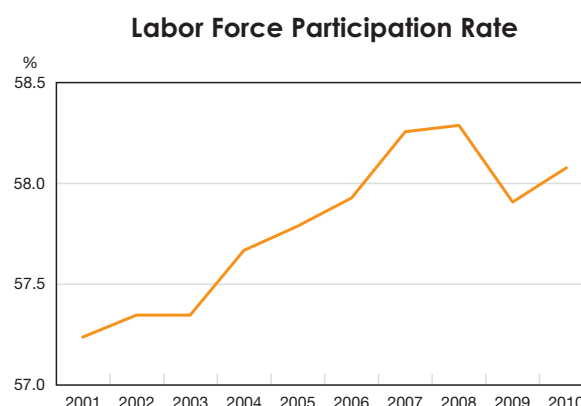
Along with the economic expansion, employees were more willing to consider changing jobs. In 2010, unemployed job changers made up a greater share in total unemployment, with the number exceeding 150 thousand in August. For the entire year, the voluntarily unemployed job changers unsatisfied with their previous jobs accounted for 24.57 percent of total unemployed persons, a considerable rise of 5.92 percentage points from a year ago.

In terms of age, the 15-24 age group continued with the highest unemployment rate in 2010 at 13.09 percent, as they are generally inexperienced and tend to change jobs more frequently. The average number of the unemployed for the age groups of 25-44 and 45-64 decreased by 35 thousand (9.41 percent) and 14 thousand (10.07 percent) persons, respectively, over the previous year. For the year as a whole, the average unemployment rates for these groups were 5.35 percent for the former, and 3.39 percent for the latter, showing year-on-year declines of 0.58 and 0.51 of a percentage point, respectively. Since most of the unemployed in these age groups were the major income sources of their households,

this phenomenon had a larger impact on households and society as a whole.

Labor Force Participation Rate Rose

In 2010, labor force rose by 1.40 percent to average 11.07 million, as the labor market regained energy due to a thriving economy. Employed persons totaled 10.49 million, with an annual growth rate of 2.09 percent, attaining the level prior to the global financial crisis. The number of jobless persons also dropped by 9.66 percent to 577 thousand persons, though still higher than the pre-crisis level of about 450 thousand persons.



Source: Monthly Bulletin of Manpower Statistics, DGBAS, Executive Yuan.

The average labor force participation rate rose in 2010 by 0.17 of a percentage point to reach 58.07 percent. In terms of gender, the male labor force participation rate edged up by 0.11 of a percentage point from the preceding year to 66.51 percent, while the female rate reached another all-time high at 49.89 percent, up by 0.27 of a percentage point over the previous year. Broken down by age bracket, labor participation rates of all age groups went up across the board, with the group aged 25-44 posting the largest increase of 0.53 of a percentage point to 84.72 percent. With respect to educational background, the labor participation rate for the working population with college degrees or above slightly increased by 0.03 of a percentage point to 68.43 percent (71.17 percent for males; 65.64 percent for females), showing that the more education one received, the more active he/she was in labor participation.

The non-labor force population totaled 7.99 million, representing a year-on-year rise of 55 thousand persons, or 0.69 percent. Better economic conditions largely contained the factors discouraging people from labor participation. Among all non-labor force groups, those pursuing educational attainment or preparing for school entrance examinations accounted for the largest decline of 0.57 of a percentage point, while only two groups, namely the elderly and the mentally or physically disabled, continued to take up large shares in the non-labor force, reflecting the challenges posed by an aging population.

Earnings of Non-Farm Workers Increased

In 2010, rapid economic growth led to better corporate profits and a consequent rise in earnings and bonuses for employees. The average monthly earnings per worker of the non-farm sector averaged NT\$44,430, rising considerably by 5.34 percent over the previous year. After adjustment for inflation (CPI), average real monthly earnings grew 4.34 percent, a record surge since 1994.

The average monthly earnings of industrial sector workers increased by 7.09 percent over the previous

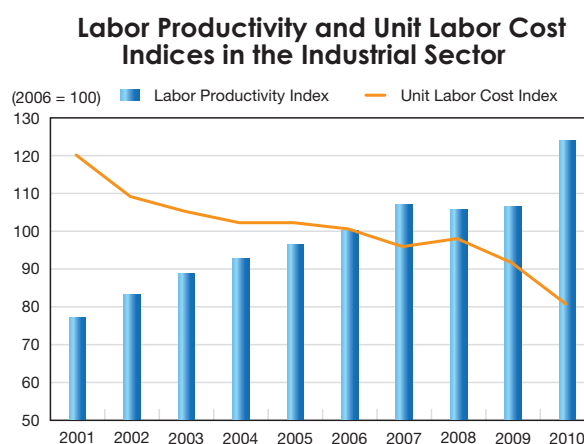
year to NT\$42,869, and monthly real earnings also rose 6.06 percent. Meanwhile, the average monthly earnings of service sector workers climbed 4.11 percent to NT\$45,720, as the average monthly real earnings in this sector went up 3.12 percent.

A further breakdown of the performance of monthly real earnings across component industries showed that the finance and insurance industry experienced the greatest increase of 8.08 percent. Supported by vigorous growth in exports, the manufacturing industry came in second with an increase of 7.31 percent (among the sub-categories, monthly real earnings in basic metal-, chemical material-, and electronic parts-manufacturing industries showed increases of 17.08 percent, 13.95 percent, and 10.98 percent, respectively). The real estate industry also enjoyed higher earnings in 2010, with an increase of 5.29 percent amid the housing market boom. As for monthly real regular earnings per worker, the industrial and the service sectors recorded year-on-year increases of 1.29 percent and 0.62 percent, respectively. Together, the two sectors exhibited a 0.85 percent increase in their monthly real regular earnings, compared with the previous year.

Labor Productivity Soared

As the increase in total production outpaced that in total working hours, labor productivity gained substantially. For the industrial sector and manufacturing industry, the labor productivity indices were 124.02 and 125.00 (2006=100), rising by 16.63 percent and 17.24 percent from the previous year, respectively. Within the manufacturing industry, the largest increase was accounted for by mechanical equipment with an increase of 34.96 percent, followed by 28.00 percent for electronic parts and components. However, oil and coal products experienced a contrasting decline of 11.80 percent in labor productivity.

As total labor compensation grew much slower than production, the unit output labor cost of the industrial sector and manufacturing industry decreased by 12.07 percent and 12.29 percent in 2010, respectively. Within the manufacturing industry, mechanical equipment suffered the greatest decline of 27.81 percent, while electronic parts and components and motor vehicles and parts manufacturing followed with respective decreases of 16.81 percent and 15.26 percent in unit output labor cost.



Source: Monthly Bulletin of Earnings and Productivity Statistics, DGBAS, Executive Yuan.