

5. Labor Market

Increase in Employment

Since the beginning of year 2017, labor market conditions have improved significantly, thanks to continuous economic recovery. For the year as a whole, annual average employment was 11.35 million persons, an increase of 85 thousand persons or 0.75% from the previous year.

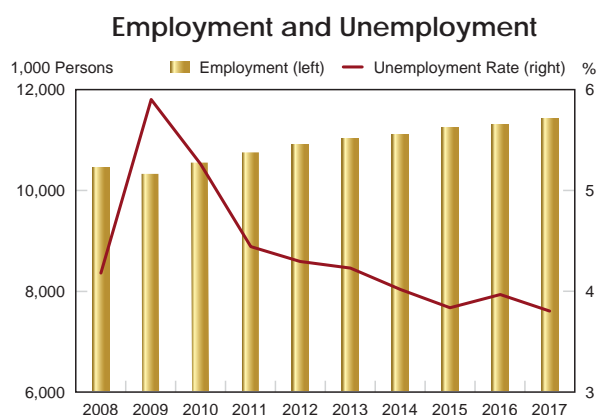
In terms of employment by sector, employment in the services sector increased by 65 thousand persons or 0.98%, while that in the industrial sector increased by 20 thousand persons or 0.49%. On the other hand, employment in the agricultural sector decreased by one thousand persons or 0.14%. Of total employment, the services sector accounted for 59.31%, up by 0.14 percentage points from the previous year, while the shares of the industrial and the agricultural sectors shrank to 35.79% and 4.90%, respectively.

In terms of employed persons by occupation, employment of white collar workers (legislators, senior officials, managers, professionals, technicians, associate professionals, and clerical support workers etc.) increased by 50 thousand persons or 0.99%. Services and sales employment increased by 25 thousand persons or 1.13%, while employment of blue collar workers (skilled agricultural, forestry, fishing, and animal husbandry industries, craft and machinery related workers, etc.) increased by nine thousand persons or 0.22%.

Improvement in Unemployment

For year 2017, the unemployment rate in general exhibited a downward trend, except in February (due to a typical wave of post-Lunar New Year job switching) and in June to August (as new graduates enter the job market) when seasonal factors resulted in higher unemployment. For the year as a whole, the unemployment rate was 3.76%, the lowest in 17 years.

As labor market conditions improved, unemployment duration decreased by 0.85 weeks to 24.22 weeks. In terms of age, the unemployment duration of the age groups 15-24 and 45-64 increased by 0.01 and 0.24 weeks to 19.92 and 26.32 weeks, respectively, while that in the age group of 25-44 decreased by 1.54 weeks to 25.47



Source: DGBAS, Executive Yuan.

weeks. The average number of the long-term unemployed (those who were unemployed for 53 weeks or more) was 63 thousand persons, a decrease of six thousand persons compared to that in the previous year.

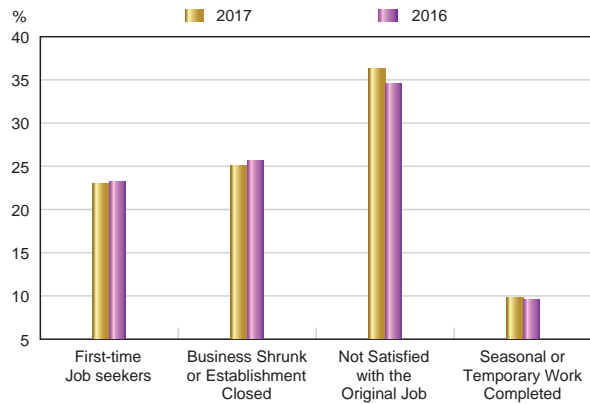
In terms of causes of unemployment, total unemployment in year 2017 was 443 thousand persons, a decrease of 17 thousand persons or 3.52% from the previous year, mainly because unemployment of experienced job seekers decreased by 12 thousand persons or 3.31%.

Among them, people who lost their jobs because business shrunk or establishment closed made up a major portion of the decrease in such unemployment. This type of unemployment decreased by seven thousand persons or 5.98%, and made up a smaller share of 25.63% of total unemployment, compared to 26.30% in the previous year. Those unemployed who were not satisfied with their original jobs still accounted for the largest share of total unemployment, with the number up by one thousand persons or 0.95% from the previous year.

In terms of age groups, in year 2017 the unemployment rate of the age group 15-24 was 11.92%, which was a decrease of 0.20 percentage points from the previous year. Yet, it was still the highest among all the age groups. The unemployment rates of the age groups 25-44 and 45-64 decreased by 0.15 and 0.16 percentage points from the previous year, respectively, reaching 3.93% and 1.99%.

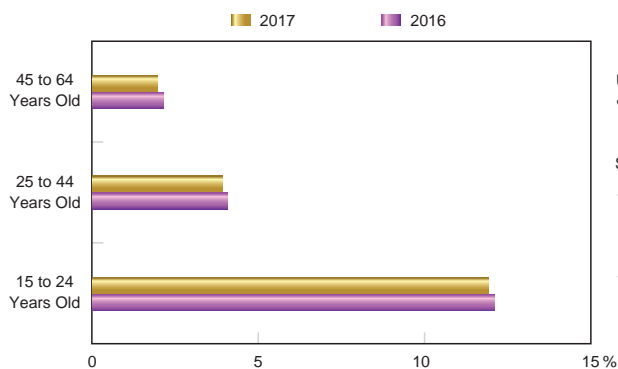
In terms of educational background, the unemployment rate of people with a college degree or above decreased to 4.06%, which was 0.17 percentage points lower than the previous year.

Causes of Unemployment



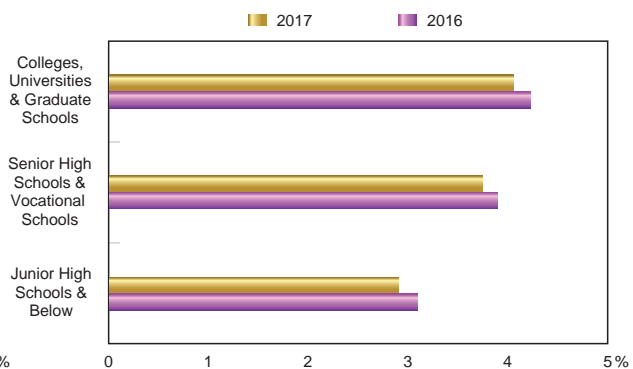
Source: DGBAS, Executive Yuan.

Unemployment Rate by Age



Source: DGBAS, Executive Yuan.

Unemployment Rate by Education Background



Source: DGBAS, Executive Yuan.

However, the unemployment rate of this group was still the highest among all the groups. The unemployment rate of people with a junior high school degree or below dropped to 2.90%, while that of people with a senior high school or vocational school diploma decreased to 3.74%, down by 0.19 and 0.16 percentage points compared to the previous year, respectively.

Increase in Labor Participation Rate

The labor force (employed and unemployed combined) in 2017 increased by 68 thousand persons or 0.58% to 11.80 million persons, while the labor force participation rate reached 58.83%, a 0.08 percentage point increase compared to the previous year.

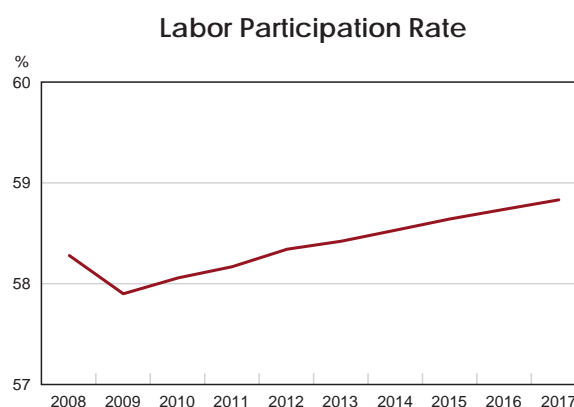
In terms of gender, the male labor force participation rate was 67.13%, an increase of 0.08 percentage points from the year before, while the female rate also rose by 0.12 percentage points to 50.92%, reflecting effective government efforts in promoting gender equality, improving work environment, and facilitating female employment in recent years.

In terms of age groups, the labor participation rates of all age groups went up in 2017, with those of the 16-24, 25-44, and 45-64 age groups increasing by 1.31, 0.44, and 0.40 percentage points to 32.68%, 88.26%, and 62.82%, respectively. Although Taiwan's total labor force participation rate has increased since year 2000, it is still lower than those of the United States (62.9%), Japan (60.5%), South Korea (63.2%), and Singapore (67.7%). The main reasons behind the low rate are the extension of schooling and early retirement. To address the issue of an aging population in Taiwan, in recent years the government has actively promoted employment of middle-aged workers and enhanced the program of diverse youth employment.

In terms of educational background, the labor force participation rates of those with a junior high school or below degree and those with a senior high school or vocational school diploma increased by 0.20 and 0.18 percentage points to 40.57% and 62.24%, respectively, while the participation rate of those of people with a college degree or above decreased by 0.62 percentage points to 66.67%.

Increase in Earnings and Labor Productivity

The average monthly earnings per worker of the non-farm sector was NT\$49,989 in 2017, a 2.46% increase from the previous year. After adjustment for inflation, the average real monthly earnings



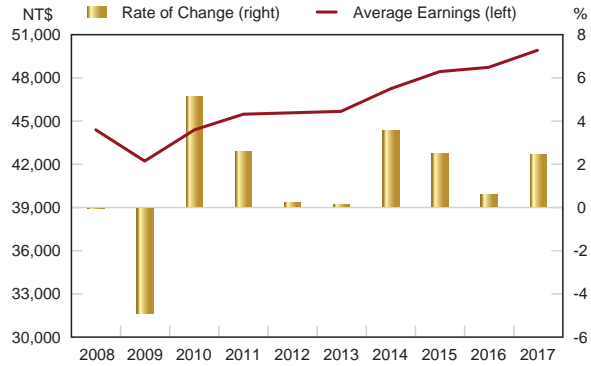
Source: DGBAS, Executive Yuan.

increased by 1.83% to NT\$47,271, an all-time high. Thanks to an economic pickup since the second half of 2016, firms increased their payouts of year-end bonuses and performance bonuses. There was also an increase in overtime pay after the amendment to the *Labor Standards Act*. These two factors are the main causes behind the rise in monthly earnings.

In terms of major sectors, the average monthly earnings of industrial sector and services sector workers both increased by 2.46% to NT\$48,187 and NT\$51,374, respectively, and their real earnings also both increased by 1.83%. The electricity and gas supply sector had the highest average monthly earnings with NT\$94,551, the financial and insurance activities sector came in second place with NT\$86,294, while education services sector workers earned only NT\$25,288, the lowest among all sectors. The accommodation and food service activities sector saw the second lowest earnings with NT\$33,527. In terms of growth rate, all sectors except the construction sector posted increases in average monthly earnings. The mining and quarrying sector registered the largest increase at 7.45% and, the real estate activities sector was in second place with an increase of 4.85%.

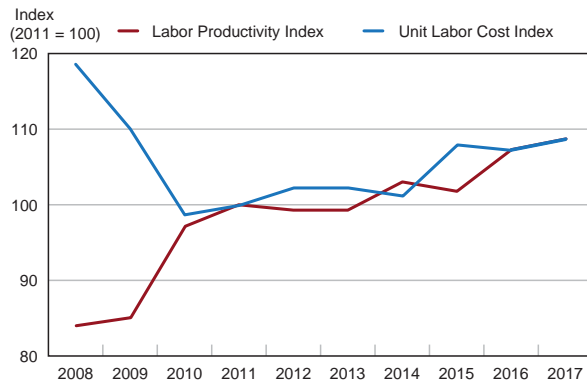
As growth in total production outpaced that in total working hours, labor productivity of the industrial and the manufacturing sectors increased by 1.37% and 2.10%, respectively. In the manufacturing sector, the repair and installation of industrial machinery and equipment sector saw the highest increase in labor productivity with 15.47%, and the wholesale of food, beverages and tobacco sector came in second with 13.79%. Since the increase in total earnings was higher than that in production, unit labor costs of the industrial and manufacturing sectors increased by 1.25% and 0.60%, respectively, compared to those of the previous year. Unit labor cost of the manufacture of wearing apparel and clothing accessories sector increased the most, by 17.10%, followed by that of the extraction of crude petroleum and natural gas sector at 10.40%.

Average Earnings of Non-farm Workers and Their Rates of Change



Source: DGBAS, Executive Yuan.

Labor Productivity and Unit Labor Cost of Industrial Sector



Source: DGBAS, Executive Yuan.