

5. Labor Market

Increase in Employment

Taiwan posted moderate economic growth and stable labor market conditions in 2018. For the year as a whole, annual average employment was 11.43 million persons, an increase of 82 thousand persons or 0.73% from the previous year.

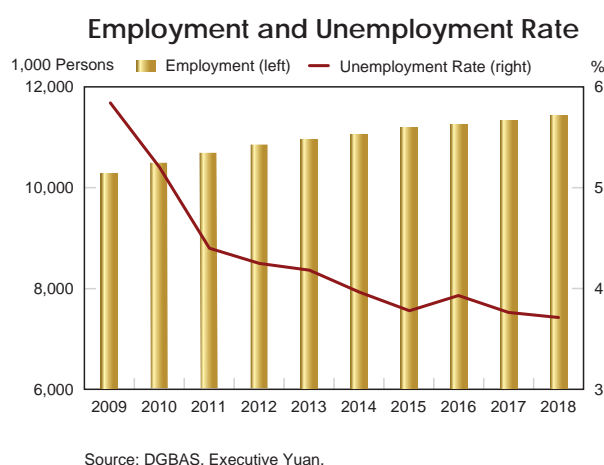
In terms of employment by sector, employment in the services, industrial and agricultural sectors increased by 58 thousand persons or 0.86%, 20 thousand persons or 0.50%, and four thousand persons or 0.73%, respectively. Of total employment, the services sector accounted for 59.38%, up by 0.07 percentage points from the previous year, while the shares of the industrial and the agricultural sectors were 35.71% 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 47 thousand persons or 0.92%. Services and sales employment increased by 28 thousand persons or 1.26%, while employment of blue collar workers (skilled agricultural, forestry, fishing, and animal husbandry industries, craft and machinery related workers, etc.) increased by seven thousand persons or 0.17%.

Improvement in Unemployment

For year 2018, the unemployment rate only increased in February (owing to post-Lunar New Year job switching) and in June to August (as new graduates entered the job market) because of seasonal factors, while in the other months, the unemployment rate exhibited a downward trend. In December it went to the level of 3.66%. For the year as a whole, the unemployment rate was 3.71%, the lowest since 2001.

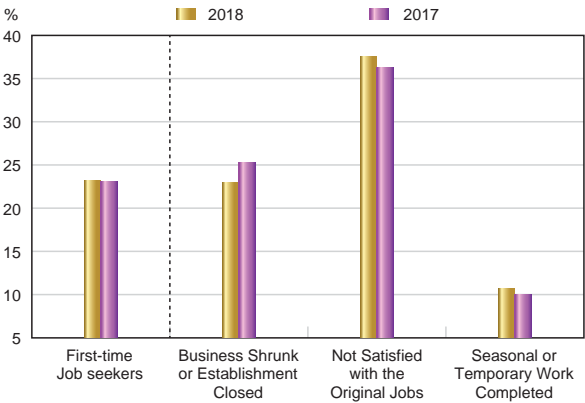
As labor market conditions improved, unemployment duration decreased by 1.40 weeks to 22.82 weeks. In terms of age, unemployment durations of the age groups 25-44 and 45-64 improved most, decreasing by 1.90 and 2.21 weeks to 23.57 and 24.11 weeks, respectively. However, unemployment duration of the age group of 15-24 increased by 0.28 weeks to 20.20 weeks. The average number of the long-term unemployed



(those who have been unemployed for 53 weeks or more) was 61 thousand persons, a decrease of two thousand persons compared to that in the previous year.

In terms of causes of unemployment, total unemployment in 2018 was 440 thousand persons, a slight decrease of 3 thousand persons or 0.70% from the previous year, mainly because of a decrease in unemployment of experienced job seekers. Among them, unemployment because business shrunk or establishment closed recorded the greatest decrease, by 11 thousand persons or 9.33%, and its share of total unemployment also decreased to 23.40%, compared to 25.63% in the previous year. Continuous economic growth helped in reducing such unemployment. On the other hand, unemployment because workers were not satisfied with their original jobs still accounted for the largest share of total unemployment, with the number up by five thousand persons or 2.76% from the previous year. The share of unemployment because of the conclusion of seasonal or temporary work also increased by three thousand persons or 6.68%.

Causes of Unemployment

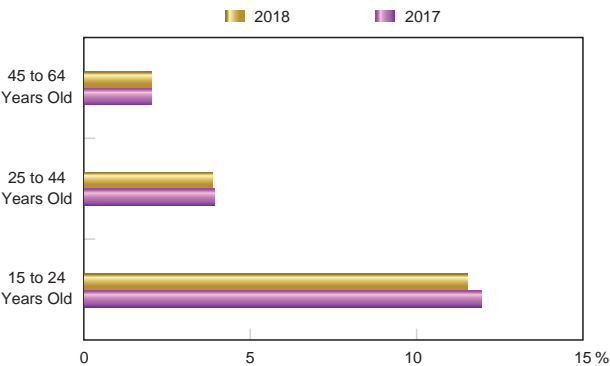


Source: DGBAS, Executive Yuan.

In terms of age groups, in year 2018 the unemployment rate of the 15-24 age group was 11.54%, which was a decrease of 0.38 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 slightly decreased by 0.07 and 0.01 percentage points to 3.86% and 2.00%, respectively, from the previous year.

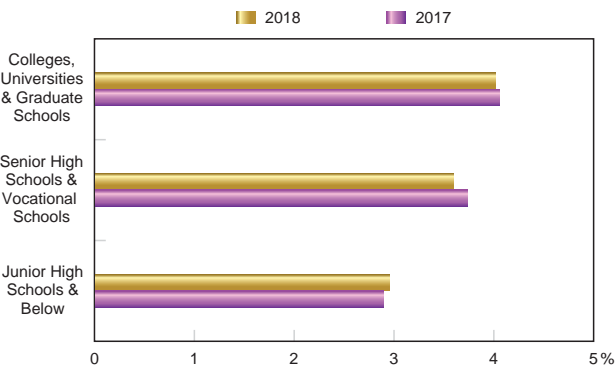
In terms of educational background, the unemployment rate of people with a college degree

Unemployment Rate by Age



Source: DGBAS, Executive Yuan.

Unemployment Rate by Education Background



Source: DGBAS, Executive Yuan.

or above and the unemployment rate of people with a senior high school or vocational school diploma decreased to 4.02% and 3.60%, respectively, which were 0.04 and 0.14 percentage points lower than the previous year. On the other hand, the unemployment rate of people with a junior high school degree or below increased to 2.96%, a year-on-year increase of 0.06 percentage points.

Increase in Labor Force Participation Rate

The labor force (employed and unemployed combined) increased by 79 thousand persons or 0.67% to 11.87 million persons in 2018, while the labor force participation rate reached 58.99%, a 0.16 percentage point increase compared to the previous year.

In terms of gender, the male labor force participation rate was 67.24%, an increase of 0.11 percentage points from the year before, while the female rate also rose by 0.22 percentage points to 51.14%, reflecting that government policies have been quite effective in promoting gender equality, improving the work environment, and facilitating female employment in recent years.

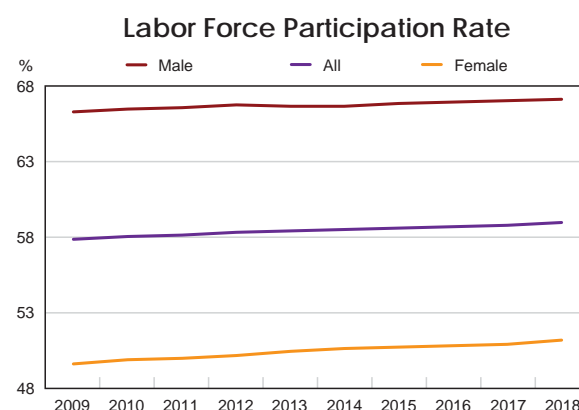
In terms of age groups, the labor participation rates of all age groups went up in 2018, with those of the 16-24, 25-44, and 45-64 age groups increasing by 1.66, 0.59, and 0.39 percentage points to 34.34%, 88.85%, and 63.21%, respectively.

Although Taiwan's total labor force participation rate has increased steadily to reach 58.99% in 2018, it is still lower than those of Japan (61.5%), the United States (62.9%), South Korea (63.1%), and Singapore (67.7%). The main reasons behind this are the extension of schooling and early retirement. In recent years the government has actively promoted employment of middle-aged workers and enhanced the program of diverse youth employment in an effort to address these issues.

In terms of educational background, the labor force participation rates of workers with a junior high school degree or below and those with a senior high school or vocational school diploma increased by 0.36 and 0.32 percentage points to 40.93% and 62.56%, respectively, while the participation rate of those with a college degree or above decreased by 0.57 percentage points to 66.10%.

Increase in Earnings and Labor Productivity

As there were increases in the salary of military personnel, civil servants and teachers, the



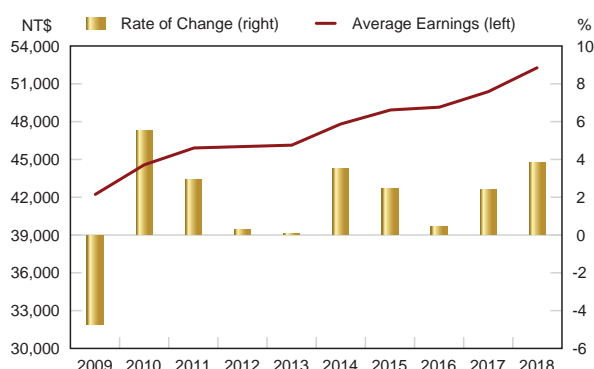
Source: DGBAS, Executive Yuan.

minimum wage, and the wages in the private sector in 2018, the average monthly earnings per worker of the non-farm sector climbed to NT\$52,407, a 3.82% increase from the previous year and the biggest increase since year 2011. After adjustment for inflation, the average real monthly earnings increased by 2.43% to NT\$51,389, an all-time high, mainly because firms increased their payouts of year-end bonuses and performance bonuses.

In terms of major sectors, in 2018, the average monthly earnings of industrial sector and services sector workers increased by 4.20% and 3.53% to NT\$52,005 and NT\$52,708, respectively, and their real earnings also increased by 2.81% and 2.15%. The electricity and gas supply sector had the highest average monthly earnings with NT\$96,054; the financial and insurance sector came in second place with NT\$89,215. On the other hand, workers in education services sector and accommodation and food services sector earned NT\$26,033 and NT\$34,077, the two lowest sectors in terms of monthly earnings. In terms of growth rates, all sectors witnessed increases in average monthly earnings with the real estate sector registering the largest increase at 6.16% and the wholesale and retail trade sector in second place with an increase of 5.37%.

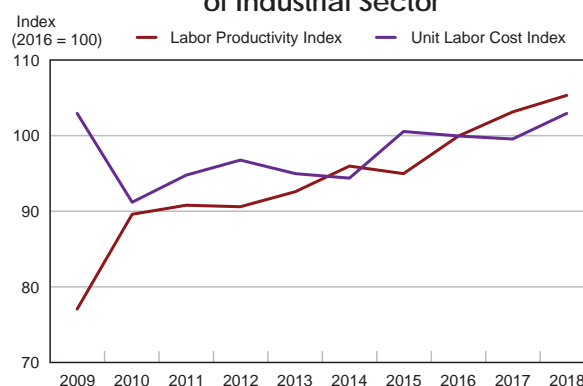
As growth in total production outpaced that in total working hours, labor productivity of the industrial and the manufacturing sectors increased by 2.05% and 2.36%, respectively. In the manufacturing sector, manufacture of computers, electronic and optical products saw the highest increase in labor productivity with 11.65%, and manufacture of other products came in second with 9.82%. Since the increase in total earnings was higher than that in production, unit labor costs of the industrial and manufacturing sectors increased by 3.42% and 3.23%, respectively, compared to those of the previous year. Unit labor cost of the manufacture of the wearing apparel and clothing accessories sector increased the most, by 22.51%, followed by that of the leather, fur and related products sector at 10.28%.

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.