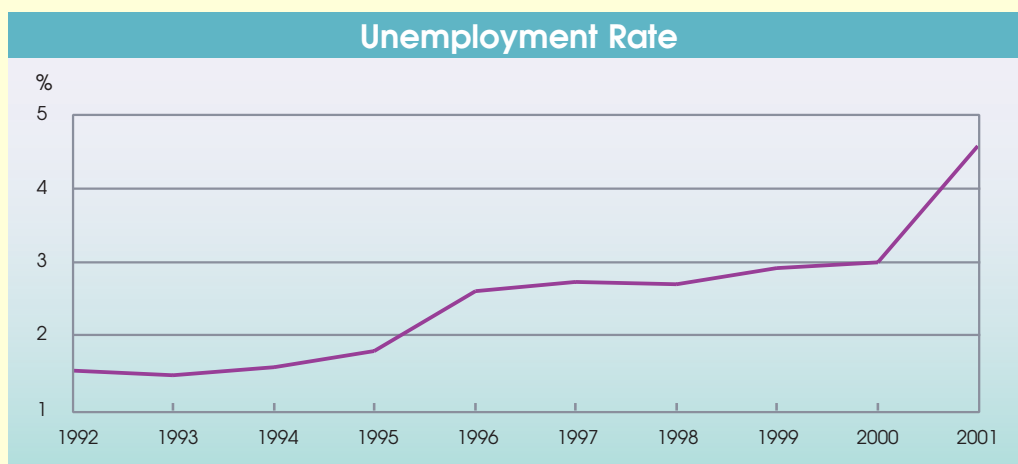
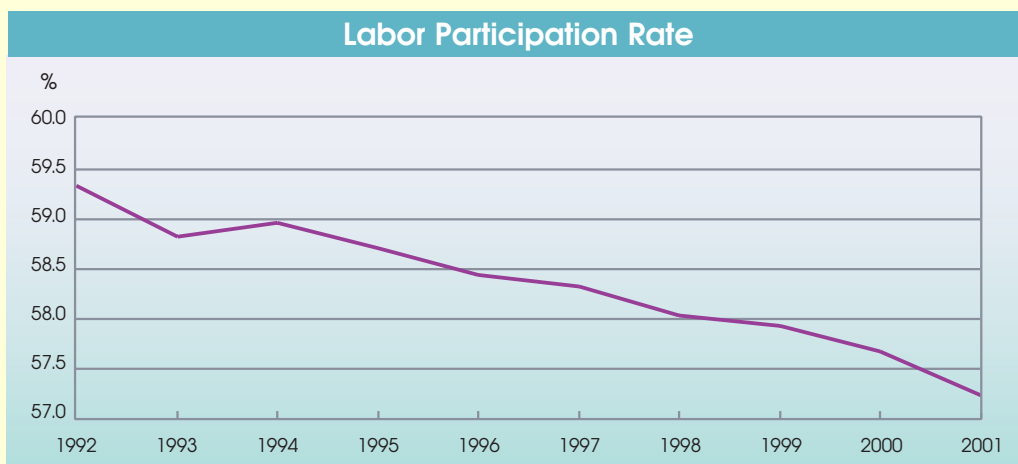


5. Employment and Earnings

The labor market in 2001 was characterized by weak labor demand. The annual average unemployment rate rapidly climbed up to 4.57%, 1.58 percentage points higher than the year before. The growing unemployment rate was mainly caused by economic slowdown and the increased outward relocation of local industries.

Declining Labor Force Participation Rate

The labor force in Taiwan rose to 9,832 thousand in 2001, an increase of 0.49 percent over the previous year. Due to the progress of education, the labor force population with college education or above increased by 4.75 percent, while those with junior high school education or below declined by 3.85 percent over the previous year.



However, the labor force participation rate fell by 0.45 of a percentage point to 57.23 percent in 2001. Lengthened education years, an earlier retirement age, and the withdrawal from the labor market of those who intended to work but did not actively seek employment continued to be the main reasons behind the decline in the labor force participation rate.

Major Manpower Statistics

	Labor Force				Labor Force Participation Rate * (%)	Unemployment Rate ** (%)
	Employed		Unemployed			
	1,000 Persons	Growth Rate(%)	1,000 Persons	Growth Rate(%)		
1992	8,632	2.29	132	1.54	59.34	1.51
1993	8,745	1.31	128	-3.03	58.82	1.45
1994	8,939	2.22	142	10.94	58.96	1.56
1995	9,045	1.19	165	16.20	58.71	1.79
1996	9,068	0.25	242	46.67	58.44	2.60
1997	9,176	1.19	256	5.79	58.33	2.72
1998	9,289	1.23	257	0.39	58.04	2.69
1999	9,385	1.03	283	10.12	57.93	2.92
2000	9,491	1.13	293	3.53	57.68	2.99
2001	9,383	-1.14	450	53.62	57.23	4.57

Note: * Labor force participation rate = $\frac{\text{total labor force}}{\text{civilian population aged 15 or above}} \times 100$

** Unemployment rate = $\frac{\text{number of people unemployed}}{\text{total labor force}} \times 100$

Source: Monthly Bulletin of Manpower Statistics, Taiwan Area, the Republic of China, Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

Job Opportunities Shifted from the Industrial Sector to the Services Sector

The total number of those employed averaged 9,383 thousand persons in 2001, which was a decrease of 1.14 percent over last year. Broken down by sectors, employment in the industrial and services sectors accounted for 36 percent and 56.45 percent of the total employment, respectively. Due to the oversupply in the real estate market and weak external demand, employment in the construction and manufacturing industries decreased most significantly, while employment in the services sectors continued to increase.

Marked Increase in the Unemployment Rate

The average unemployment rate for the year 2001 increased by 1.58 percentage points to 4.57 percent. This was mainly due to weak labor demand resulting from the economic slowdown and the continuous outward relocation of local industries. People who were less educated or equipped with lower skills suffered most from the rise in structural unemployment.

Mild Increase in Earnings for Non-agricultural Workers

Average monthly earnings for industrial sector workers decreased by 1.29 percent to

NT\$38,940 in 2001, and average monthly real earnings (deflated by the consumer price index, base period 1996) dropped by 1.28 percent. The falling demand for labor contributed to the decreased average earnings and real earnings. Average monthly earnings for services sector workers grew by 1.44 percent to NT\$45,020, while real earnings grew by 1.46 percent. The average monthly earnings and real earnings for non-agricultural sector workers, i.e., the workers hired in the industrial or services sector, grew by 0.21 percent and 0.22 percent, respectively.

Rising Labor Productivity in the Industrial Sector

The labor productivity index for the industrial sector and the manufacturing sector rose by 4.83 percent and 4.01 percent, respectively. The indices for unit labor costs in the industrial and manufacturing sectors grew by 1.77 percent and 2.28 percent, respectively, because decreases in real earnings outpaced declines of total outputs in the respective sectors.

