

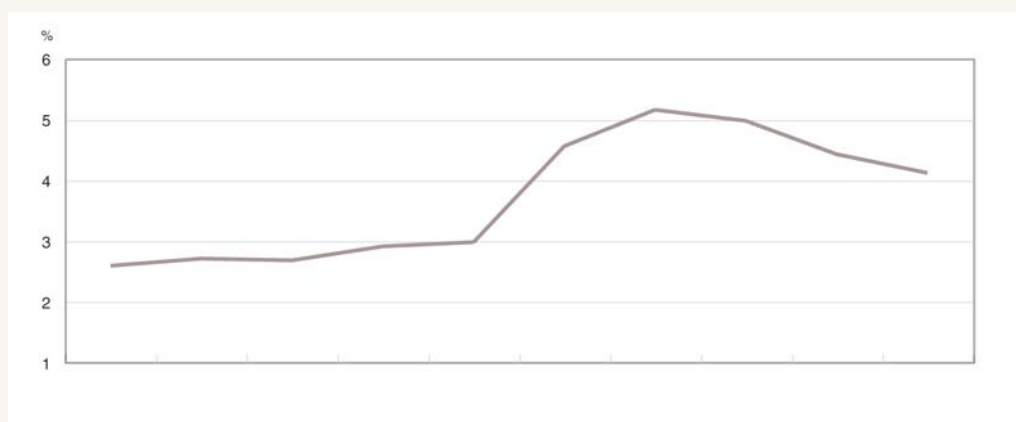
## 6. Labor Market

### Unemployment Rate Continued to Decline

The steady expansion of general economic activity during 2005 encouraged firms to hire more labor. The government also implemented the *Project for the Creation of Job Opportunities in the Government Sector* to help boost employment. Both factors reduced the unemployment rate. For the year 2005, the unemployment rate decreased by 0.31 of a percentage point over the previous year to 4.13 percent, its lowest level since 2001.

The number of jobless people decreased by 26 thousand, or 5.73 percent over the previous year, to an average of 428 thousand in 2005. Employment in the industrial sector, which has a traditional preference for male workers, increased relatively stronger than that in the services sector. As a result, the male unemployment rate fell by 0.52 of a percentage point to 4.31 percent, while the female unemployment rate showed little change, at 3.88 percent. With regard to the factors behind unemployment, job dissatisfaction caused the loss of 9 thousand jobs, accounting for the largest share, or 32.65 percent of total unemployment. The unemployment rate for the age group of 45-64 dropped the most significantly, highlighting the fact that the senior group faced improving conditions regarding job search due to steady economic expansion. Following the mushrooming growth in the number of universities and graduate schools, those in the education group of university or above registered its highest unemployment rate of 4.23 percent. In contrast, the unemployment rates for the rest of the education groups

### Unemployment Rate



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

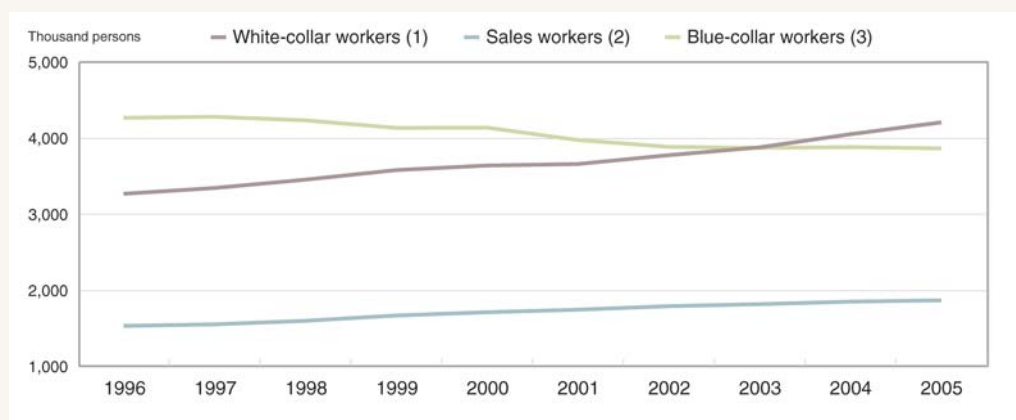
all experienced downward trends.

### Total Employment Increased

Positively influenced by steady economic growth and the government's employment creation plan, average employment grew by 1.60 percent over the previous year and amounted to an all-time high, or 9,942 thousand persons in 2005. Employment of white-collar and sales workers grew by 3.87 percent and 0.92 percent, respectively. Among which, professionals, technicians, and associate professionals employment increased most significantly. However, over the same period, blue-collar workers' employment edged down by 0.46 percent.

Broken down by sectors, the services sector still accounted for most of the total employment and exhibited a stable annual growth rate of 1.66 percent. Job gains occurred in several industries, including accommodation, eating-drinking places, professional, scientific and technical services, educational services as well as in the finance and insurance industries. Following the recovery of the global electronic industry and the steady expansion in the domestic construction industry, employment in the industrial sector experienced an annual growth rate of 3.27 percent. In addition, employment in the manufacturing industry increased to 2,726 thousand persons, a record-high since 1990. Employment in the agricultural sector, which has shown a steadily declining trend since 1992, posted a further reduction of 7.94 percent over the preceding year.

### Employment by Occupation



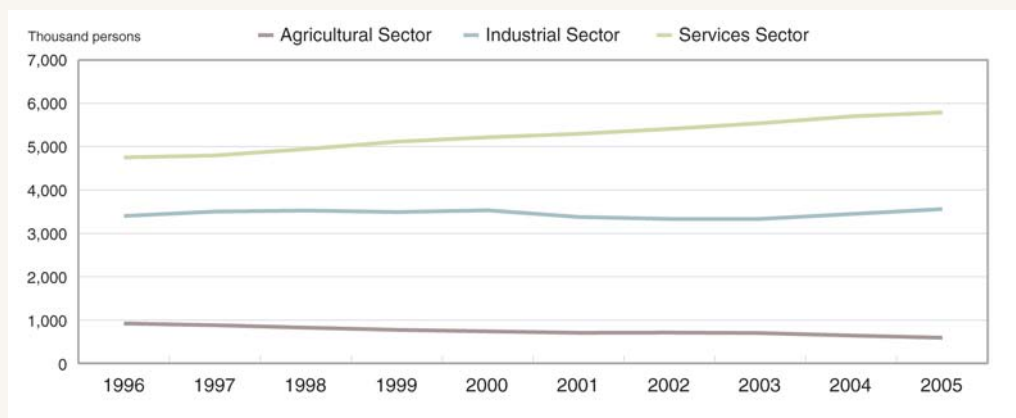
Notes: (1) Including legislators, government administrators, business executives and managers, professionals, technicians and associate professionals, and clerks.

(2) Including service workers, shop and market sales workers.

(3) Including agricultural, animal husbandry, forestry, and fishing workers, production and machine operators and related workers.

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

### Employment by Sectors



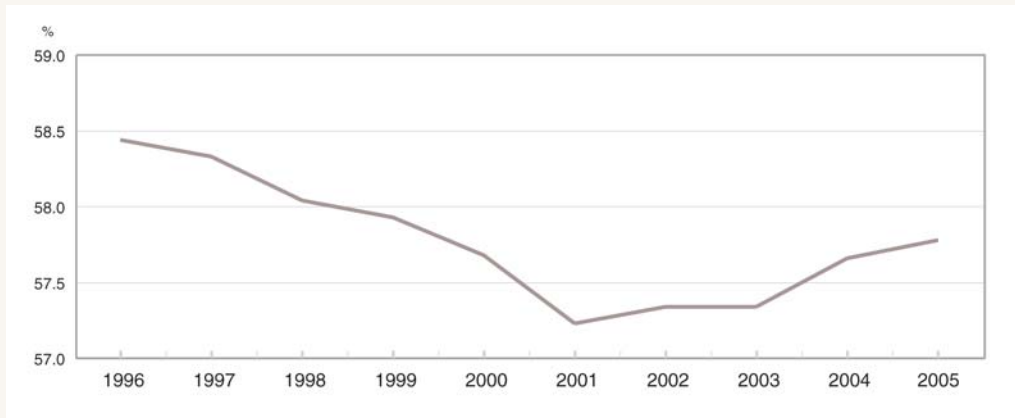
Source: *Monthly Bulletin of Manpower Statistics, Republic of China, DGBAS, Executive Yuan.*

In May 2005, employment of lower income persons and of those who worked for less than 40 hours per week and wished to increase their working hours declined to 860 thousand persons, accounting for 8.68 percent of total employment, a record-low reading. Of these, the ratio of lower income employment (workers whose incomes were less than income end-off-points or the minimum wage level) to total employment inched down by 0.83 of a percentage point to 5.97 percent. The ratio of those who worked for less than 40 hours per week and wished to increase their working hours to total employment also declined by 0.85 of a percentage point over the year to 2.71 percent. These changes reflected an improved labor market.

### Labor Force Participation Rate Rose

The number of labor force and non-labor force increased by 1.27 percent and 0.78 percent, respectively, as more workers were willing to participate in the labor market when the economy expanded steadily. The average labor force participation rate increased by 0.12 of a percentage point to 57.78 percent in 2005, a record-high reading since 2000. In terms of gender, the male labor force participation rate edged down to an all-time low, while the female rate reached an all-time high. The participation rate growth was mainly sustained by a rise in the female participation rate of 0.41 percentage point. The participation rates for the working population aged 25-44 and 45-64 rose by 0.62 and 0.28 of a percentage point, respectively. The participation rate for the working population aged 15-24 continued to decline by 0.91 of a percentage point, as a result of lengthened education years. In terms of education level, the participation rate for the working population with junior high school degrees or below declined by 0.86 of a percentage point, while all the other education level groups experienced upward trends.

### Labor Force Participation Rate



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

In May 2005, the labor force participation rate for single males edged up over the year by 0.34 of a percentage point to 56.64 percent. The labor force participation rate for married males, however, decreased by 0.72 of a percentage point to 76.21 percent. The participation rates for single females and married females increased by 0.94 and 0.04 of a percentage point to 55.49 percent and 47.88 percent, respectively. The married childless female group showed the highest participation rate of 71.21 percent, up by 1.84 percentage points from the prior year. Overall, the May data reflected that while the female participation rate for both single and married groups rose over the year, the increase was relatively smaller for the married group.

### Increase in Earnings of Industrial Workers

The average monthly earnings and regular earnings of workers in the non-agricultural sector, i.e. those hired in the industrial and services sectors, increased by 1.38 percent and 0.99 percent in 2005, respectively. When the increase in consumer prices was taken into account, real monthly earnings and regular earnings decreased by 0.90 percent and 1.28 percent, respectively.

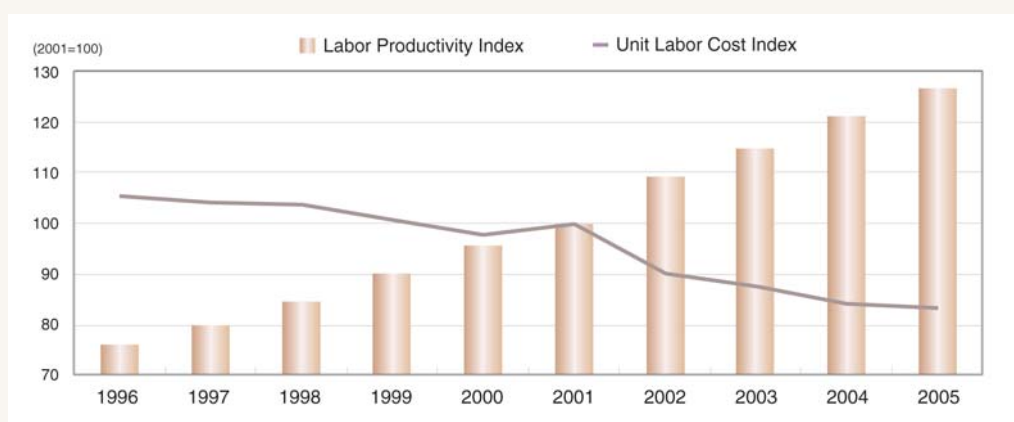
With respect to different sectors, the average monthly earnings of industrial workers increased by 2.46 percent and regular earnings by 1.51 percent. The average monthly earnings and regular earnings of services sector workers edged up by 0.38 percent and 0.44 percent, respectively, indicating that wage adjustment in the industrial sector was more significant than that in the services sector. Real monthly earnings of industrial workers inched up by 0.15 percent, while those of services sector workers decreased by 1.88 percent. However, real monthly earnings in the transport, storage, and communications industry, and the professional, scientific, and technical services industry increased during 2005.

### Rising Labor Productivity and Declining Unit Labor Cost in the Industrial Sector

As the increase in total production outpaced that in total working hours, the labor productivity index for the industrial sector rose solidly by 4.71 percent in 2005. The gains in labor productivity were particularly significant in the electronic parts and components industry, which grew by 10.81 percent. However, traditional industries such as wood and bamboo products, and apparel, clothing accessories, and other textile products industries exhibited negative productivity growth.

The index of unit labor cost in the industrial sector decreased by 0.81 percent from the previous year, reflecting an increase in total production which exceeded that of total labor compensation. The reduction improved the overall competitiveness of the industrial sector. However, the increase in unit labor cost in some industries, such as in apparel, clothing accessories, and other textile products, and wood and bamboo products industries, exceeded 10 percent, which would indicate that the competitiveness of these industries is likely to have weakened.

#### Labor Productivity and Unit Labor Cost Indices in the Industrial Sector



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