

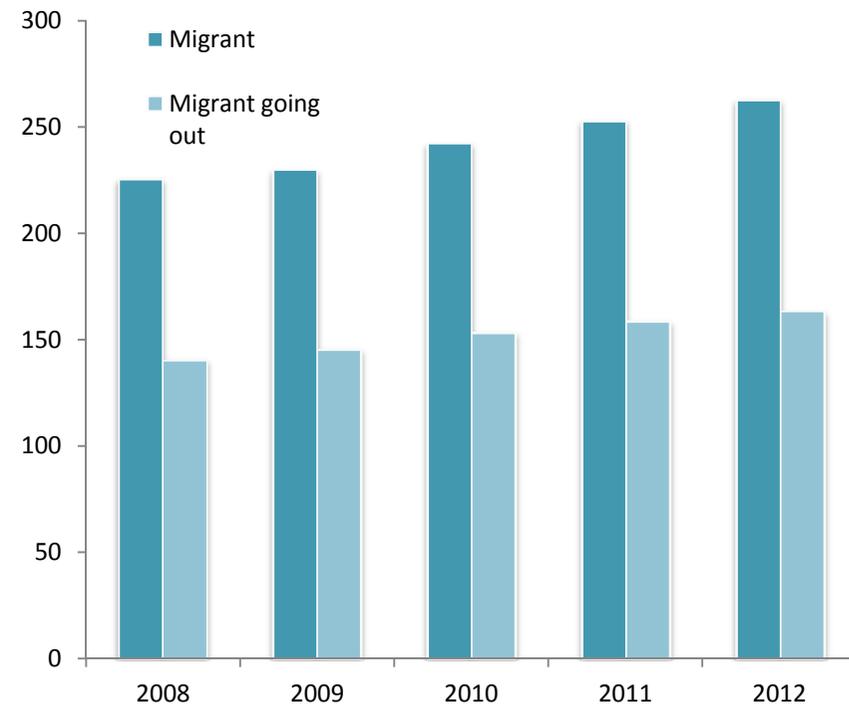
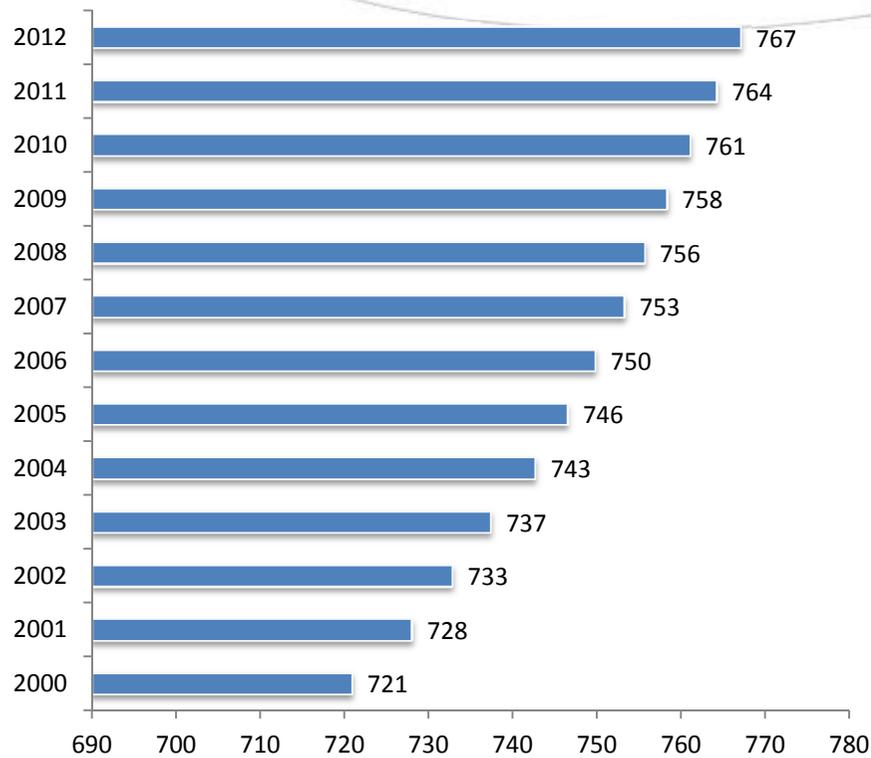
# Trade and Women's Employment in China

Jin Feng  
School of Economics, Fudan University

# The role of export in the growth of employment in China

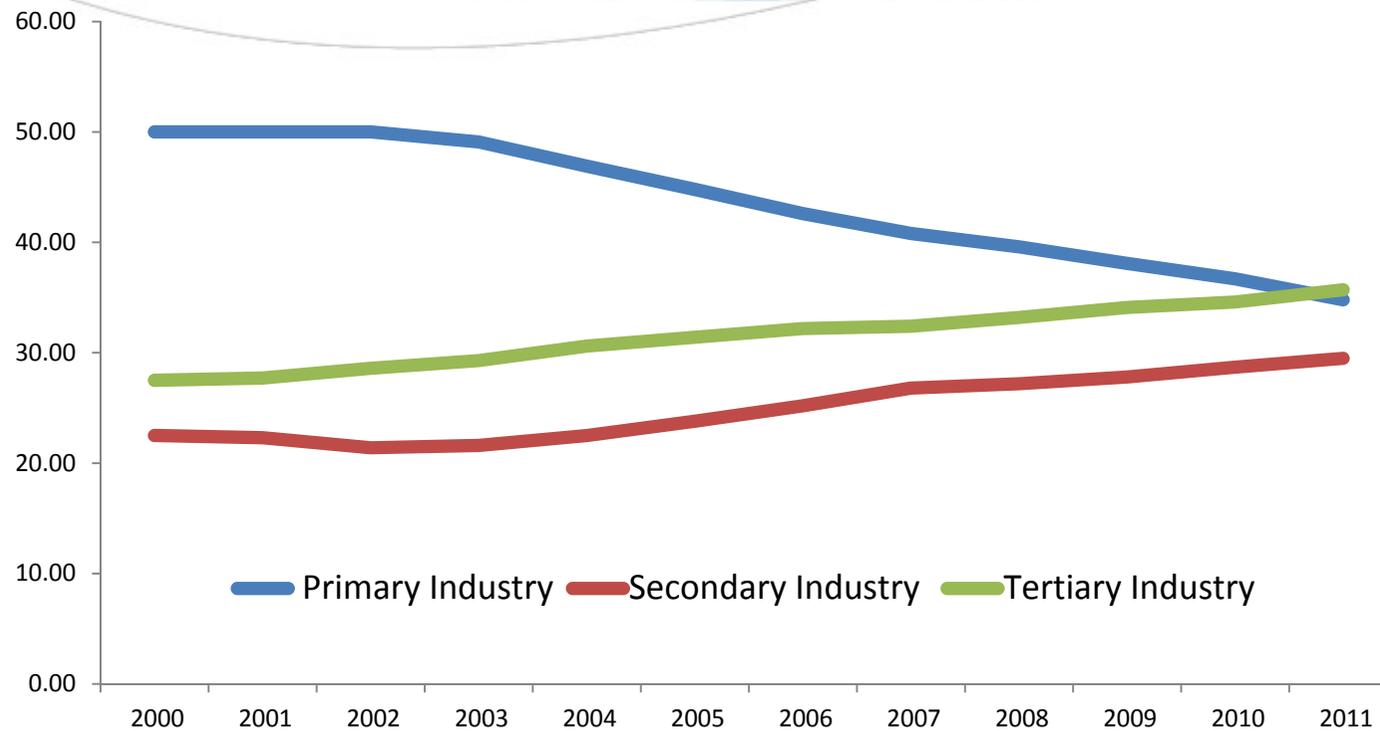
- ◆ Access to the WTO has allowed China to fully integrate into the world system and capture the gains of its comparative advantage in abundant labor supply
- ◆ Between 2000 and 2006 the value of Chinese exports increased by more than 5 times and rose from 20 percent to 36 percent of GDP
- ◆ One of the benefits coming from the trade is the increasing of employment. According to literature, in China, averagely, 1 percent increase in the value of export in manufactures has led to 0.1 percent increase of employment

# Employment growth in China

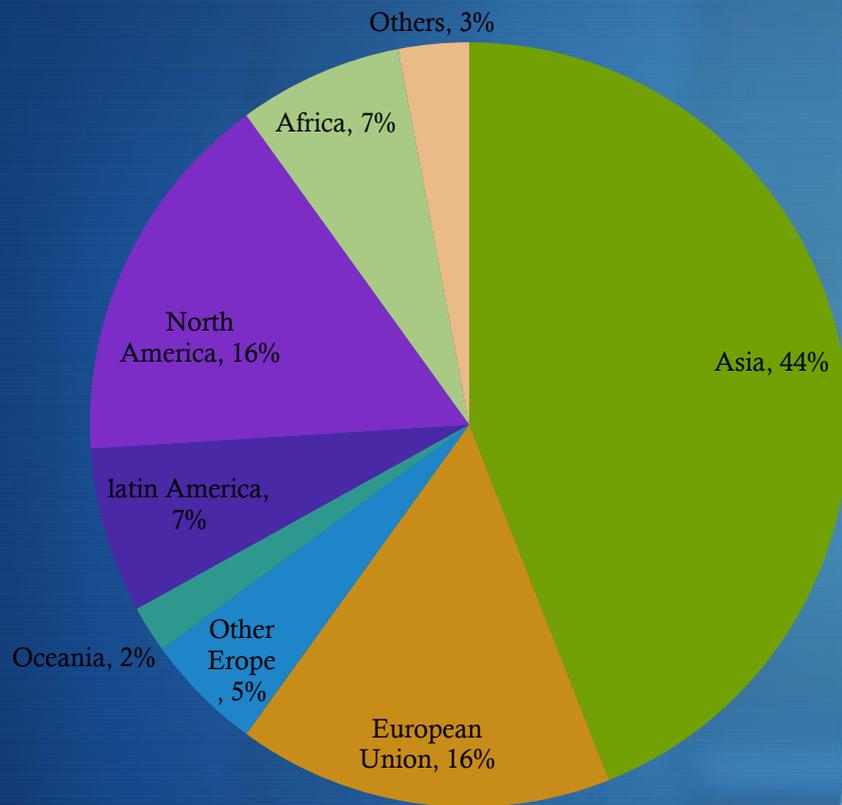


millions

# Employment structure in China



## Export of Textile and apparel of China



# Labor intensive exports

For example, textile and apparel producers benefited from the expiration of restrictive trade agreements. These sectors along with furniture producers were disproportionately aided by China's entry into the WTO. Allowed the country to take greater advantage of its vast pool of low-skill labor.

# Humen Town in Dong guan city, Guangdong province

Area of the town : 170 square kilometers

More than 2000 firms producing clothing, apparel, and garments.

250 million garments each year.  
The sales vaule of 2011: about 3.5 billion USD

Exporting to more than 40 countries

the richest town in all those towns of the province.

About 300 thousands workers in garment industry in the town



# Export and women's employment

The greater the share of garments, textiles and electronics in a country's exports, the greater the employment-creating impact of trade has been for women.

A cross-country study of formal sector employment in manufacturing in developed and developing countries over the period 1960-1985 shows a strong relation between increased exports and increased female employment in manufacturing. Similar trends continued.



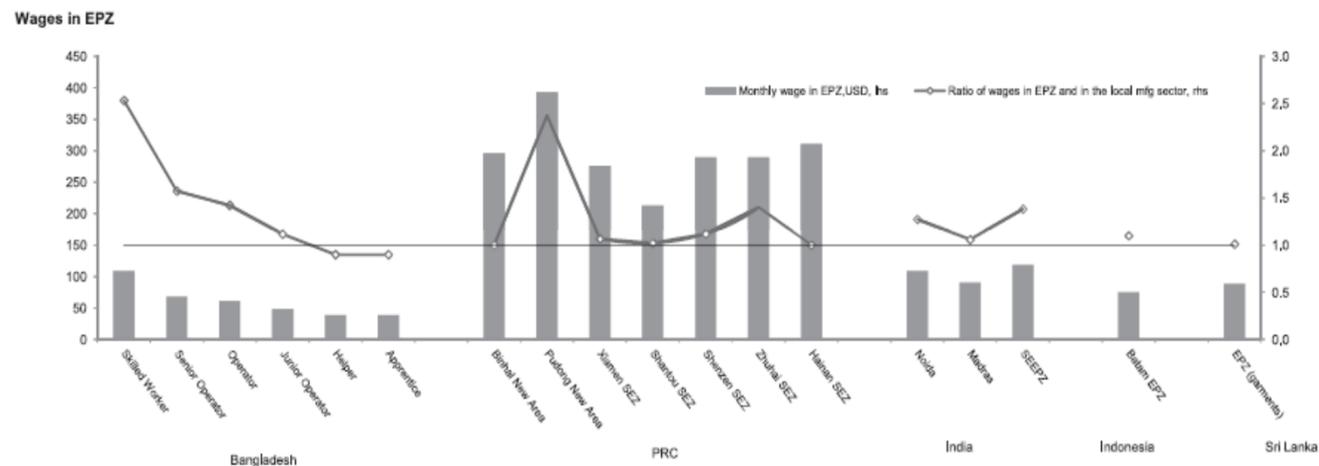
Women working in a garment factory in Guangdong province

# Female labor participation in China

- ◆ There were 443 million men to 357 million women in the Chinese workforce, a ratio of men to women of 55:45 (2010).
- ◆ Labour participation rates for Chinese women has been for long among the highest in the world . This is the legacy of the communist era when women were prevailed upon by the state to take up roles outside the family and in the labour market.
- ◆ After introduction of reforms, new opportunities became available to women in the form of non-farm jobs in Town and Village Enterprises (TVE), urban labour units, State Operated Enterprises (SOE), the private enterprises and in the Special Economic Zones (SEZ).
- ◆ By 2010 the proportion of women working in primary, secondary and tertiary sector was respectively to 45.3, 14.5 and 40.2 per cent

# Ratio of wages in EPZ to local mfg sector

Figure 1. Wages in Export Processing Zones



EPZ = export processing zone, SEZ = special economic zone, SEEPZ = Santacruz Electronics Export Processing Zone.

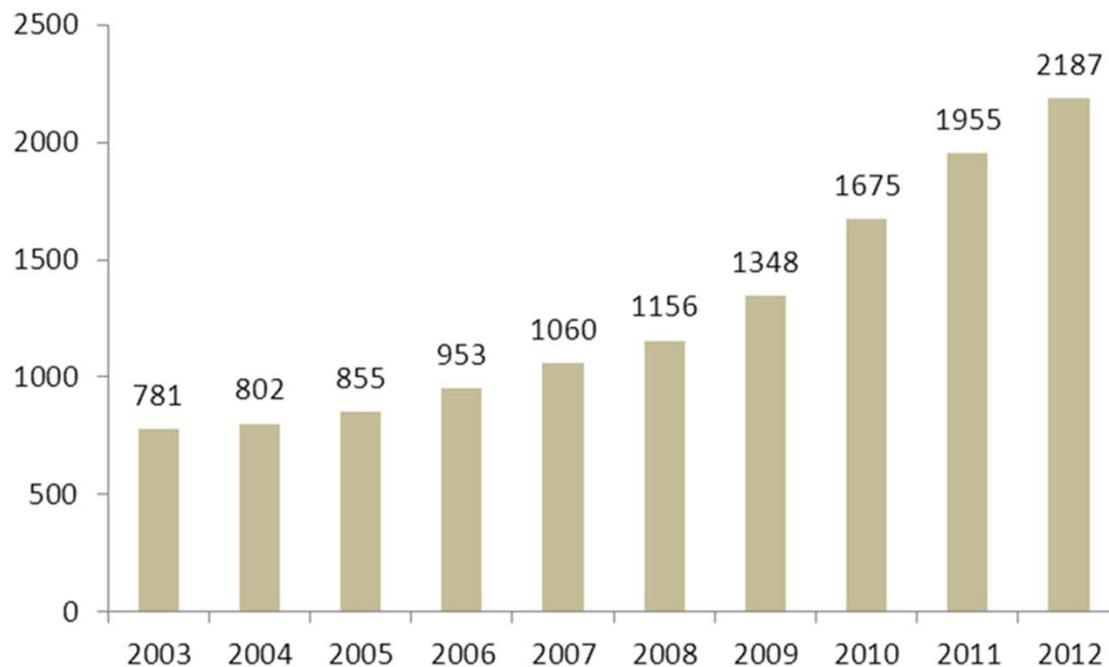
Sources: ILO, CEIC, <http://cressence.org>, <http://understand-china.com>, [www.icrier.org](http://www.icrier.org), [www.bbc.co.uk](http://www.bbc.co.uk), [www.wsws.org](http://www.wsws.org), Aggarwal, Aradhna (2007). Wage Board for Garments and Manufacturing Trade (Sri Lanka); respective central banks (exch rates).

Source: Authors' compilation.

Source: ADB

There are argument that globalization may lead to a poorer labor condition in development countries. But there is no evidence from the comparison of wage in export sectors and non-export sectors

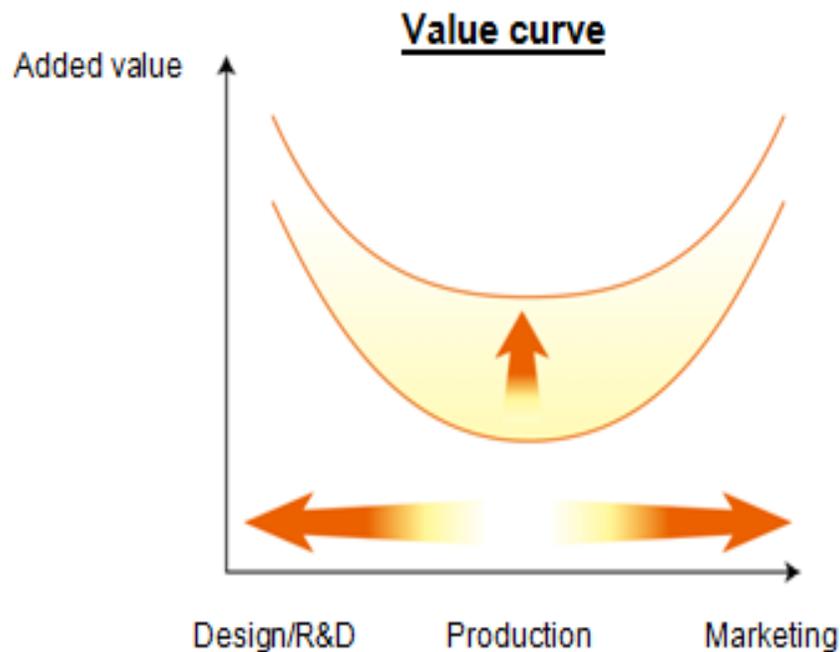
# Working conditions during globalization of China



◆ The working conditions are improving with the labor shortage since 2004.

▶ Wage increasing of migrant workers (monthly, RMB)

# Industrial upgrading in China



Even if the final products have high technology content, the enterprises in China only focus on labor-intensive processes at the lower end of the supply chain for many years

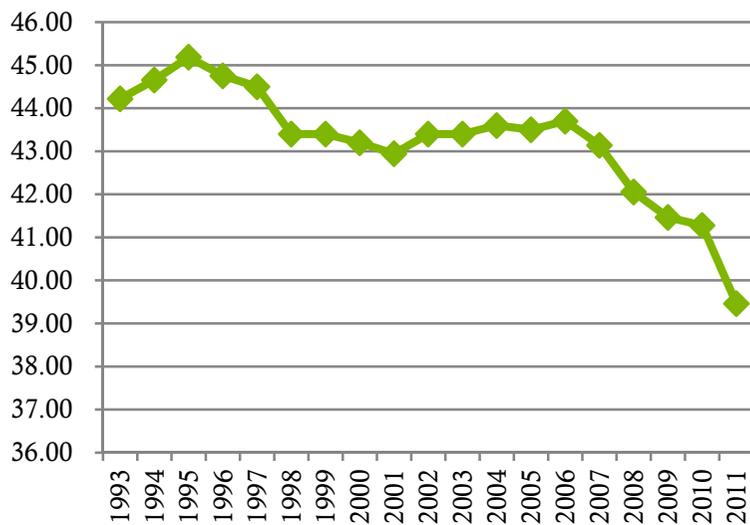
- ◆ In 2009, the profit margin of the China's light industry was only about 6% on average
- ◆ Firms try to push up the value curve through upgrading the production technology and product quality
- ◆ Policies to promote transformation and upgrade
- ◆ Effort has been made to encourage industries to move towards high technology and greater innovative capability (Suzhou and Dongguan as the pilot bases since 2010 )

# Export and gender discrimination

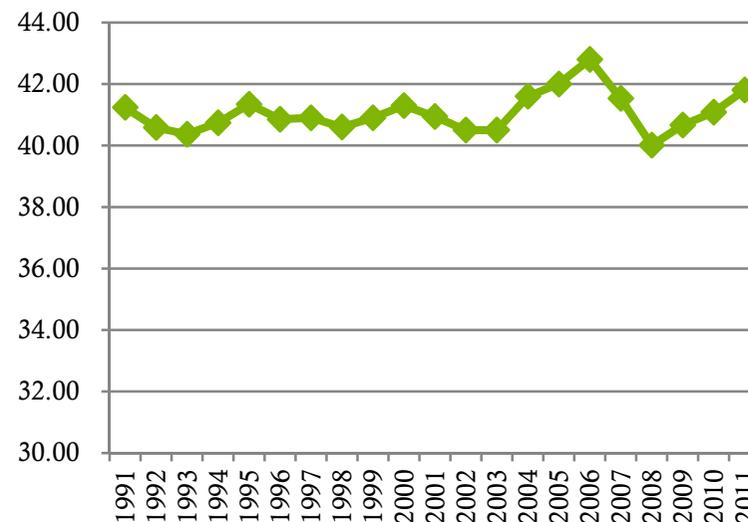
- ◆ China will continue its export-led growth. However, China is upgrading its export. Machinery and its related products exports have been growing fast in recent decade. This has at least two implications for women's employment.
- ◆ First, the increasing of capital incentive manufacturers will cause more discrimination to women.
- ◆ Secondly, the higher competition will lead enterprises to reduce the welfare cost, in which women normally need more welfare, such as maternity and child care.

# Women's share in employment

**Manufacture: - share of female workers**



**Agriculture- share of female workers**



Between 2005 and 2010 although the total number of jobs increased, women's share actually declined in urban sectors, because the major share of jobs created went to men

# Women's opportunity and challenge

- ◆ The effects of trade are also likely to vary among women themselves. If new opportunities are created, women's ability to seize them will depend on their education, skills and their age
- ◆ For high educated women, trade and the development of service sectors caused by trade will enable them to get jobs requiring more qualifications and paying much better than in the past.
- ◆ A feminine elite is emerging, consisting mainly of a small number of women entrepreneurs whose social success has become one of the symbols of the Chinese economic boom
- ◆ The global financial crisis of 2008 affected employment adversely, particularly of migrant women. Researchers argue that most of those who lost their jobs and went home were absorbed in agriculture

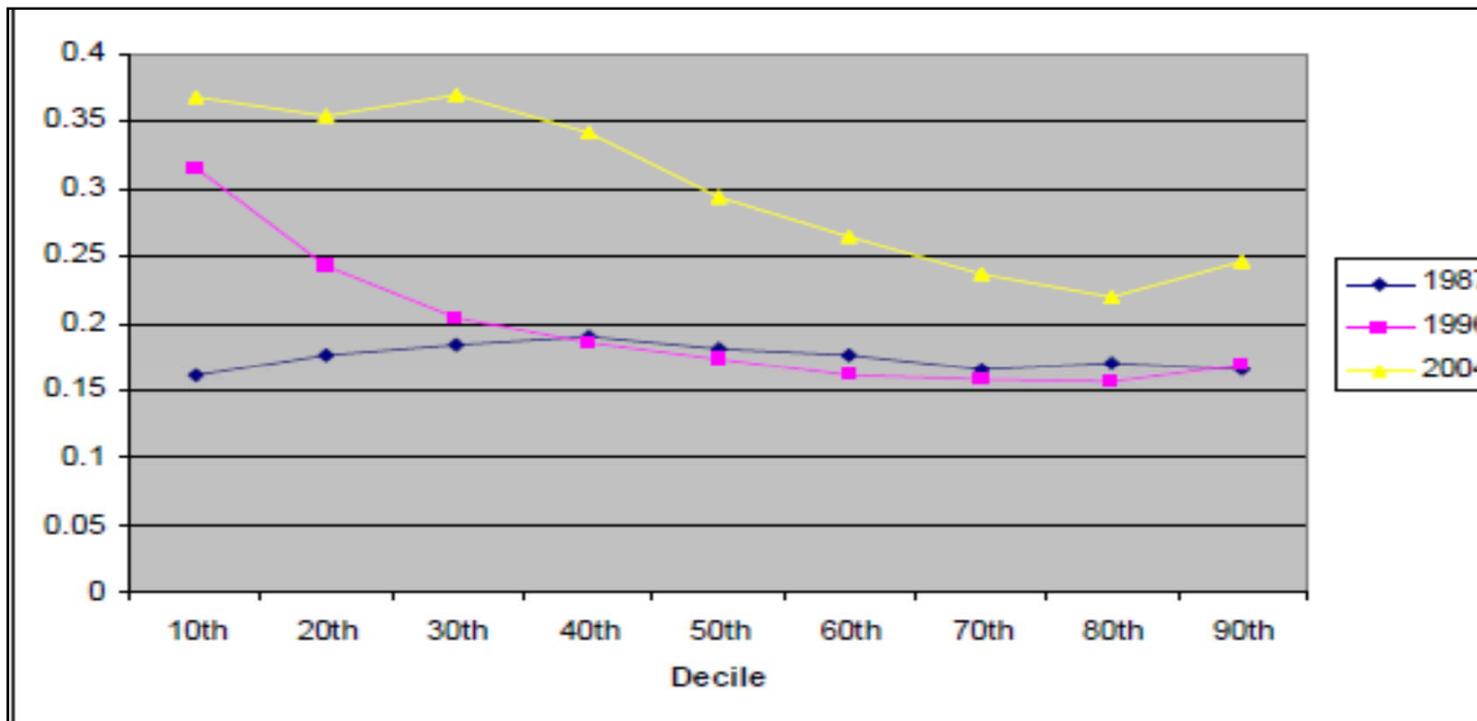
# Feminization of Agriculture

Women's importance in agricultural production has been growing, as more men move to non-farm jobs leading to an increased feminization of agriculture. These women are often managing land and livestock and providing subsistence to their family with little male assistance.

The shift of time from the paid work in urban sectors to farm sector may have negative implications for the wellbeing of women, given that it is associated with wages, which may increase women's bargaining power and ability to influence the intra-household distribution of resources



Gender earnings gaps increased more dramatically for lower deciles. This lower income group was mainly engaged in agriculture



Source: Dong Xiao-Yuan

# Policies helping low-skill workers

## Social security

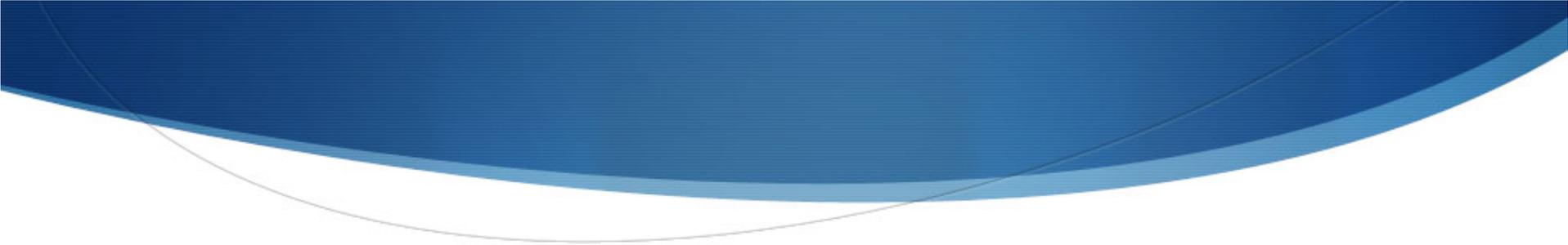
- Minimum living allowance
- Government subsidized health care
- Government subsidized old age social security

## Subsidy and incentives

- Wage subsidy to employers
- Microcredit guarantees to Small & Medium firms
- Tax incentives

## Employment services

- Public free training
- Vocational training subsidy
- Job-placement and job training guidance service
- Skill certification



*Thank you!*