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ASIA ECONOMY

China's Jobs Picture Darkens

Labor minister warns of slowing job growth in urban China; Survey finds hiring pickup unlikely



Workers pack instant noodles at a factory in Huaibei, Anhui province, on Jan. 4, 2015. *PHOTO: ASSOCIATED PRESS*

By MARK MAGNIER

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BEIJING—The number of new jobs created in urban China slowed sharply in the first two months of this year, China's labor minister said, while a private employment survey suggested a sharp pickup in hiring was unlikely to happen anytime soon.

The government aims to create more than 10 million new urban jobs this year—the same target as last year, though the actual number of jobs created in 2014 was 13.2 million. But this year's slow hiring start underscores the challenges policy makers face amid sluggish expansion in the world's second-largest national economy.

“Slower economic growth, increased downward pressure on the economy and industrial restructuring are making job creation more difficult,” Yin Weimin, China’s human-resources minister, said without providing details on the number of new jobs created.

Also Tuesday, human-resources consultancy Manpower Group said hiring prospects among Chinese employers are at their weakest levels since the global financial crisis. The group’s net-employment outlook survey found that 8% more Chinese companies in the second quarter planned to boost hiring than companies that planned to cut workers, down from 11% in the first quarter and 15% in the year-earlier period. Meanwhile, 49% of companies expected no change to their workforce, compared with 36% in the first quarter and 40% a year earlier.

The survey, which is seasonally adjusted, covered 4,200 employers and showed the lowest level of hiring sentiment since the third quarter of 2009, Manpower said.

“The downside trend of manufacturing has not changed since 2012, and it’s further enhanced recently by increased cases of factory shutdowns,” said Danny Yuan, Manpower’s chief operation officer for Asia-Pacific and the Middle East. “This also reflects local consumption, which hasn’t yet reached the expected growth.”

Small companies, those in the resource sector and enterprises located in southwestern China were least likely to hire workers in the coming months, the survey said.

China last week lowered its annual growth target for the year to about 7% from last year’s 7.4% growth.

Producer prices fell by 4.8% in February, the 36th straight month of decline, according to the National Bureau of Statistics. Analysts said this deflation at the factory gate reflects continuing pricing pressure and excess capacity, particularly among manufacturing companies.

Strong employment remains a top priority for China given the importance of social stability in the one-party state.

Efforts to safeguard employment could undercut reform, however, by impeding attempts to cut capacity in steel, housing and other industries, said Oliver Barron, head of China research with investment bank North Square Blue Oak.

“The way to break out of that cycle is to close down meaningful capacity,” Mr. Barron said. “But they can only go so far,” he added.

Chinese companies most likely to hire were concentrated in Beijing more so than Shanghai, according to Manpower's survey, while those with the least optimistic hiring outlook were located in the southwestern city of Chengdu.

China's government has programs aimed at spurring growth in western and central parts of the country, while much of Beijing's positive outlook relates to the strength of the high-tech sector, Manpower said.

"The private sector has limited capability to navigate risks during a downturn, especially in the current economic environment," Mr. Yuan said. "Conservative hiring, either to maintain or reduce head count, remains the choice of most small firms in their short to midterm strategy."

—Liyan Qi
contributed to this article.

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