

Challenges Arising from COVID-19 and Current Situation in Taiwan

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The world has changed significantly since the COVID-19 outbreak in 2020, and Taiwan is no exception. This article aims to give an insight into the challenges arising from COVID-19 or the problems highlighted by COVID-19 in Taiwan's labor market, which are the difficulty of enterprise transformation, possible discrimination against the COVID-19 patients, the wage gap, and the vulnerable situation of non-standard workers.

I. An overview of the measures taken by the government during COVID-19 in Taiwan

Upon the COVID-19 outbreak in Taiwan, a nationwide Level 3 alert was announced on May 19, 2021. Level 3 alert was turned into Level 2 on July 26, 2021, and the alert was finally canceled on February 28, 2022. During the nationwide Level 3 alert period, the government took the following measures:

1. For all schools, teaching should be conducted online instead. Tutoring centers, kindergartens and day-care services are closed. Employers should allow paid or unpaid leave for workers who need to look after their underage children.
2. For businesses and offices that remain open, compliance with COVID-19-related preventive measures is required.
3. All members of the public are required to wear masks at all times except at home.
4. Cinemas, sports centers, libraries, exhibitions, bars, and adult entertainment venues are closed.
5. Gatherings of more than five people indoors or more than 10 people outdoors are prohibited.
6. Restaurants are required to use ID-based registration, social-distance seating and/or partitions or provide take-out/delivery services only.
7. Members of the public are advised to avoid unnecessary travel.

Similar but looser measures were taken during the nationwide Level 2 alert period. It seems that controlling the pandemic's impact had been taken priority over economic concerns, but the government still was trying to strike the balance between the control of the pandemic and the impact on the economy at the same time.

To mitigate the economic impact of this pandemic, the Executive Yuan, or Cabinet, proposed a stimulus package worth NT\$ 60 billion (about USD 2 billion). On February 25, 2020, the Legislative Yuan (the Cabinet) passed the stimulus package and the "Special Act for Prevention, Relief and Revitalization Measures for COVID-19."¹ The Ministry of Economic Affairs also introduced stimulus coupons to encourage citizens to buy

1. Laws and regulations database of the Ministry of Justice. Taipei, Taiwan: Working Group of the Ministry of Justice. <https://law.moj.gov.tw/>

commodities.² Taiwan Capitalization Weighted Stock Index had decreased by over 13.1% due to COVID-19 as of March 12, 2020, and foreign investors have sold over NT\$ 200 billion.³ Therefore, the National Financial Stabilization Fund decided on 19 March that it was essential to intervene in the stock market.⁴ On April 3, 2020, former Premier Su Tseng-chang announced an expansion of the stimulus package to NT\$ 1.05 trillion (USD 34.64 billion).⁵

On April 16, 2021, to protect vulnerable groups from the rapidly changing environment, the Executive Yuan approved a bill on “Financial relief subsidies for disadvantaged groups during the epidemic period,” and the allowances are as follows:

1. Living allowance for physically and mentally disabled people.
2. Living allowance for low- and middle-income elderly.
3. Living allowance for vulnerable children and youth.
4. Emergency living assistance for children and youth in vulnerable households.
5. Living allowance for children in low-income households.
6. Living allowance for students in low-income households.
7. Living allowance and education allowance for children (including grandchildren) in families in hardship.
8. Children and youth in low- and middle-income households listed by the government (under 18 years old).

II. An overview of the labor market in Taiwan during COVID-19

In Taiwan, the unemployment rate reached its first peak in April and May 2020 and reached its second peak in June and July 2021. As an export-driven economy, Taiwanese manufacturing has suffered a sharp drop in demands overseas during the first half of 2020, and the labor market also showed significant job losses or unpaid leaves along with cutting regular earnings for those fortunately still on the payroll. The outbreak of COVID-19 in Taiwan is considered to result in a second peak in June and July 2021. See Table 1 for the unemployment rates in 2020, 2021, and 2022 in Taiwan.

Table 1. Unemployment rates in Taiwan 2020–2022 (%)

2020											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
3.72	3.72	3.77	4.10	4.13	3.95	3.89	3.83	3.78	3.76	3.76	3.75

2021											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
3.66	3.70	3.67	3.64	4.11	4.80	4.53	4.24	3.96	3.83	3.66	3.64

gov.tw/ENG/LawClass/LawAll.aspx?pcode=L0050039.

2. “Economics minister introduces ‘stimulus coupon’ plan.” *Focus Taiwan - CNA English News*, March 20, 2020. <https://focustaiwan.tw/business/202003040011>.
3. “Taiwan stocks see record-breaking outflows as markets tumble.” *Reuters*, March 12, 2020. <https://www.reuters.com/article/taiwan-markets-outflows/taiwan-stocks-see-record-breaking-outflows-as-markets-tumble-idUSL4N2B52XN>.
4. “Stabilization fund authorizes intervention in financial markets.” *Focus Taiwan - CNA English News*, March 19, 2020. <https://focustaiwan.tw/business/202003190026>.
5. “Virus Outbreak: Economic stimulus package expanded.” *Taipei Times*, April 3, 2020. <https://www.taipeitimes.com/News/front/archives/2020/04/03/2003733902>.

2022											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
3.61	3.65	3.66	3.62	3.68	3.74	3.78	3.79	3.66	3.64	3.61	3.52

Source: National Statistics, R.O.C. (Taiwan).⁶

III. Challenges in labor market in Taiwan

There are some challenges or problems in the labor market in Taiwan that were raised or highlighted by COVID-19. First, the difficulty of enterprise transformation in Taiwan is pointed out as a problem. The pandemic has made the industry understand the importance of digital transformation at all levels, which includes supply chain reconstruction, human resource allocation, and management in the post-epidemic era.⁷ However, most enterprises in Taiwan are small and medium enterprises, and it is difficult for them to make the transformation since the labor costs in Taiwan are way too low compared to the costs of automation or transformation.⁸

Second, there might be discrimination against the COVID-19 patients. When recovered workers return to the workplace, they may face problems such as employers not wanting to continue hiring or discrimination in the workplace, and it is indicated that there have been sporadic cases in Taiwan.⁹ There are provisions for protecting personal data and preventing discrimination or unfair treatment in the Communicable Disease Control Act and the Occupational Safety and Health Act, however, whether recovered workers all safely returned to the workplace and did not encounter discrimination still needs investigation.¹⁰

Third, the wage gap is also pointed out as a problem. It is indicated that the wage gap among the employed does not appear only within industries such as the transportation industry.

The higher income earned by the upper white-collar class, especially the high-tech engineers, lifts average monthly regular earnings to NT\$ 42,394 in 2020.¹¹ Therefore, there is no drop between the average monthly regular earnings in 2019 (NT\$ 41,776) and 2020.¹² However, many working-class people, in general, were suffering from either job losses or low salaries during the pandemic. Income inequality is thought to deteriorate in the next few years because of dismal prospects of job opportunities and low starting salaries for new entrants, and this primarily impacts those with only high school or lower education, the newly graduated, or those losing jobs in their middle age.¹³

Forth, the vulnerable situation of non-standard workers was highlighted by COVID-19. An online questionnaire survey on workers' satisfaction with the government's relief measures conducted by the Department of Social Welfare of National Chung Cheng University in May 2020 showed that 39.53% of the respondents said that their work was negatively affected after the outbreak of COVID-19. Among the respondents whose work was negatively affected, 58.91% of the respondents' working hours were reduced, 23.04% were thus unemployed, and 2.61% said that they felt pressure to finding a job because of the

6. <https://www.stat.gov.tw/Point.aspx?sid=t.3&n=3582&sms=11480>.

7. Ministry of Science and Technology. 2021. "Taiwan's S&T Challenges and Opportunities in the Post Pandemic Era." *Taiwan Research Highlight*, February 20, 2021. <https://trh.gase.most.ntnu.edu.tw/en/article/content/183>.

8. Ping-Lung Hsin. 2021. "Changes and responses to labor relations in the post-pandemic era." *Journal of Occupational Safety and Health* 29(4): 9 (in Chinese).

9. *Id.* at 11.

10. *Id.* at 11.

11. The Directorate-General of Budget, Accounting and Statistics of the Executive Yuan (Chinese version only). https://earnings.dgbas.gov.tw/query_payroll.aspx.

12. *Ibid.*

13. Chin-Fen Chang. 2020. "Pandemic, Labour, and Inequality." *Taiwan Insight*, April 24, 2020. <https://taiwaninsight.org/2020/08/24/pandemic-labour-and-inequality/>.

deterioration of family income.¹⁴

In addition, the survey showed that from the perspective of age, education, work type, occupation, and technical level, those over 55 years old with lower levels of education (high school/higher vocational education or below), and those who were semi-professionals with unstable jobs were more dissatisfied with the relief measures than satisfied.¹⁵ The relief measures could not precisely target the vulnerable groups due to the design of administrative procedures and identification standards, and this also led to dissatisfaction.¹⁶

It is also indicated that the unemployment risk of temporary or dispatched workers was higher than that of full-time workers. 60% of the temporary or dispatched workers were negatively affected, and nearly 25% applied for the relief measures.¹⁷ This group might be those who were outside Taiwan's social safety net since the inconsistent identification standards of various ministries and departments, and the application design of the Employment Insurance Act impeded a timely relief while they were in instant need of help.¹⁸ To sum it up, the survey showed that nearly 18.1% of the public were outside Taiwan's social safety net during the pandemic, thus it is a challenge for the government to find out this group of people more accurately and provide timely financial assistance to tide over the economic difficulties.¹⁹

Another study on film and TV industry workers also showed that non-standard workers faced difficulties when they applied for the relief measures. Since most workers in the film and TV industry are freelancers, they often merely make a verbal agreement without a written contract and have no fixed employer.²⁰ In addition, according to a survey conducted by the Taipei Film and Drama Union, on the one hand, only 35% of the workers signed a written contract when accepting a work, but on the other hand, as 60% of the workers almost always accepted the work with a "verbal agreement," there were no supporting documents for the workers to apply for the relief measures. It is also indicated that many part-time workers were not employed as the company's employees, which excluded them from the relief measures.²¹

Before the epidemic, these workers were already in a fragile state regarding labor and health insurance subsidies. Moreover, during the epidemic, due to the design of the identification for relief measures which is based on the traditional concept of labor, the ordeals that these workers are facing as well as the inadequate social safety net have been further highlighted.²² The government is called on to develop a new social welfare system that could apply to freelancers since the workers in the film and TV industry basically work on a piecework basis as a freelancer.²³

In fact, the Art Creation Union investigated the labor conditions of cultural workers and released the "Cooperative Group Report on the 'Taiwan Art Workers Labor Situation Survey'" in 2018, which pointed out three major crises of the labor conditions of cultural workers: (1) low wages, (2) long working hours and (3) incomplete occupational accident protection.

According to the survey, more than half of the cultural workers had an average total monthly income of less than NT\$ 30,000, and 88.7% of them had a monthly income that does not reach the average salary

14. Jen-Der Lue. 2020. "Who Is 'Us': COVID-19, Social Inequality and New Social Contract." *Taiwanese Journal of Sociology* 67: 247–257 (in Chinese). DOI: [https://dx.doi.org/10.6786/TJS.202006_\(67\).0009](https://dx.doi.org/10.6786/TJS.202006_(67).0009).

15. *Ibid.*

16. *Ibid.*

17. *Ibid.*

18. *Ibid.*

19. *Ibid.*

20. Hui-Ju Tsai and Yu-Peng Lin. 2021. "Precarious Media Labor in the Era of Post COVID-19: Rethinking the Supporting Policy for Film and TV Industry in Globally and in Taiwan." *Mass Communication Research* 148: 23–24 (in Chinese).

21. *Id.* at 24.

22. *Id.* at 24.

23. *Id.* at 29.

of laborers in Taiwan. In 2018, the average weekly working hours in Taiwan was 41.4 hours, but cultural workers worked more than 52 hours a week, and less than 50% of them had insurance coverage, which will also lead them to face a highly insecure old age.²⁴

To improve cultural workers' working environment, the "Culture and the Arts Reward and Promotion Act" has been amended on December 10, 2020, and six new articles as follows have been added²⁵ These guarantees for cultural workers are important administrative support for a reasonable cultural and creative ecology.²⁶

Article 9²⁷

To protect the rights and interests and employment of culture and arts workers, the central supervisory authority shall provide guidance to professional unions to help their members enroll in labor insurance and other related insurance schemes.

Where the income of culture and arts workers fails to reach a defined standard, the central supervisory authority may, where necessary, work within existing regulations or draw up a budget to provide funding for and provide help to such individuals to enroll in social insurance schemes.

Concerning the previous paragraph, the central supervisory authority will negotiate with related supervisory authorities about the recipients, the scope of funding, the amount, and the method of assistance.

Article 10²⁸

Vendors working with government agencies (organizations), public schools, and public enterprises purchasing goods and services related to culture and the arts that enter into a direct contractual relationship with workers who have not enrolled in labor occupational accident insurance shall, for this project, enroll them in other commercial insurance schemes that offer accident, disability, and death protections.

Article 11²⁹

Where emergencies, disasters, or major turmoil affects culture and arts workers and enterprises, the supervisory authority may work with related units to offer needed assistance.

Article 12³⁰

The central supervisory authority shall draft guiding principles for the retention and signing of contracts with vendors to protect the rights and interests of culture and arts workers and promote the development of culture and arts enterprises.

These guiding principles shall include the period of time that the contract is being reviewed, copyright agreements, broker authorizations, insurance, and other items that affect the rights and interests of culture and arts workers.

24. *Id.* at 34–35.

25. *Id.* at 30.

26. *Id.* at 36.

27. Laws and regulations database of the Ministry of Justice. Taipei, Taiwan: Working Group of the Ministry of Justice. <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=H0170006>.

28. See above at n 27.

29. See above at n 27.

30. See above at n 27.

Article 13³¹

The supervisory authority shall conduct promotional efforts and provide assistance to help culture and arts workers obtain information about their legal and labor rights and interests.

The central supervisory authority shall, on a regular basis, conduct surveys and research on the labor situation of culture and arts workers and the labor environment to serve as reference for making policies that concern culture and the arts.

The aforementioned surveys and research shall be made publicly available and published on the Internet.

Article 14³²

When government agencies (organizations), public schools, juridical persons established with donations from the government, administrative institutions, and public enterprises grant awards, funding, commission, or make purchases from culture and arts enterprises, they are to ensure that the intellectual property rights of culture and arts workers and enterprises are respected.

Regulations concerning the content, scope, method, and other issues addressing protection of intellectual property rights shall be drafted by the central supervisory authority in cooperation with the Ministry of Economic Affairs.

In conclusion, there are some challenges and problems raised or highlighted by COVID-19, such as the wage gap and the inadequate social safety net for non-standard workers. It would be the government's responsibility to improve the situation during the post-era of COVID-19 or after COVID-19.

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31. See above at n 27.

32. See above at n 27.