

## **China's National Talent Plan: Key Measures and Objectives**

Wang Huiyao

### ***Abstract:***

*China has undergone enormous economic changes in the past 30 years and now faces important decisions as it considers how best to sustain this unprecedented level of growth. China's population is aging rapidly and the 225 million migrant workers who have fueled China's economic miracle for the past three decades are now demanding better payment for their work. Further complicating the situation are the growing numbers of college graduates entering the job market: according to the Chinese government, China will have 195 million college-educated people by 2020. In response to these and other policy challenges, the Chinese leadership recently launched a major national talent development plan intended to attract and retain highly skilled individuals in six broad sectors of the economy. This new plan has far-reaching implications for China's efforts to build an innovation-driven economy by 2020 and offers valuable insights for the global business and policy communities.*

With unusual fanfare and publicity, the central government recently announced the launch of a new national talent development plan, which will form the cornerstone of efforts to combat emerging development issues and maintain the Chinese growth locomotive. This talent cultivation plan, the *National Medium- and Long-term Talent Development Plan (2010–2020)*, creates a blueprint for creating a highly skilled national work force within the next 10 years. This plan is the first national comprehensive plan in China's history of national human resources development and is of vital importance to China's current and future development in the next decade and beyond. In Chinese, the plan refers to the development of *rencai*, which can be translated as educated and skilled individuals.

China's National Talent Development Plan was jointly issued by the Central Committee of the Chinese Communist Party (CCP) and the State Council on June 6, 2010. It is remarkably unusual that these two leadership bodies would jointly endorse a plan on such a high note.<sup>i</sup> The announcement of this plan was also very unusual in that President Hu Jintao and all of the other eight Politburo Standing Committee Members attended its formal release ceremony, where President Hu, Premier Wen Jiabao and Vice President Xi Jinping all delivered important speeches. In addition, all 31 Chinese provinces' party chiefs and governors attended this nationally-televised meeting in their own localities, making it one of the most effective central government meetings in terms of immediately attaining national attention. During the meeting, President Hu stated that "talent is the most important resource and it is a key issue that concerns the development of the Party and country."<sup>ii</sup> Following the conclusion of the session, Minister of CCP Department of Organization Li Yuanchao chaired a study meeting jointly organized by his department and the Ministry of Human Resources and Social Security.

China's official news agency, Xinhua, and all other major Chinese media simultaneously released the 19,000-word plan nationwide and China's central TV station CCTV broadcasted a series of programs on the subject during primetime. This media effort indicates that China's top leaders have attached unprecedented importance to the talent development plan and are committed to publicizing

it throughout Chinese society. Among the plan's goals is the transformation of China from a manufacturing hub to a world leader in innovation, a grand objective that, according to the targets laid out in the plan, will be met in part by an increase in the pool of highly skilled workers from the current total of 114 million to 180 million by 2020, with government-allocated spending on human resources increasing from 10.75 percent of the country's gross domestic product (GDP) now to 15 percent by 2020.<sup>iii</sup>

## Why Formulate a National Talent Plan Now?

The talent plan is being released at a time when China's development model has undergone very serious reconsideration and the Chinese government is facing the daunting challenge of how to transform and upgrade the economy. At this momentous crossroad, PRC leaders need to re-examine their three decades-old national development strategy and compose a new strategy for coping with the following five strategic changes:

### *1. From Population Dividend to Rencai Dividend*

For the past 30 years, China has thrived on its population dividend (*renkou hongli*), which is a rise in the rate of economic growth due to a rising share of working age people in a given population. The population dividend has yielded a cheap and mobile labor force (China currently has more than 225 million migrant workers).<sup>iv</sup> However, increases in life expectancy at birth and the one-child policy have resulted in a rapidly aging Chinese population. Indeed, China's population is aging quickly, particularly when compared with its relatively young population in the past, which has provided abundant migrant workers who have fueled China's growth and turned it into the manufacturing center of the world.

In July of 2010, the Office of the China National Committee on Aging announced that China saw the largest annual increase in its aged population last year, with the number of people aged 60 and above growing by 7.25 million to 167.14 million in 2009, or 12.5 percent of the total population.<sup>v</sup> China now has a labor force of more than 1 billion people, 112 million more than in 2000, and the number of employees has reached almost 780 million.<sup>vi</sup> Despite this abundance of labor, the Chinese government will soon face two major challenges: dealing with the aging population, which means much more social welfare spending; and providing employment for the large population who have college education: by 2020, China will have 195 million college graduates in the workforce.

Furthermore, more than 30 years after China's one-child policy was introduced, (creating two generations of notoriously chubby and spoiled only children affectionately nicknamed "little emperors,") a population crisis is looming in the country. According to the U.N. Population Division, the average birthrate has plummeted from 6 children per couple before the one-child policy to just 1.8 children per couple now. Additionally, the number of residents 60 and older is predicted to explode from 16.7 percent of the population in 2020 to 31.1 percent by 2050. That is far above the global average of about 20 percent.<sup>vii</sup>

In addition to its rapidly aging society, China's reliance on cheap labor to stoke economic growth is meeting unprecedented challenges. Over the years, the number of strikes by Chinese low-paid workers has risen dramatically. Many strikes in China, including those at the Toyota and Honda plants in Southern China, taxi drivers strikes in Chongqing and strikes by workers at a major BMW distributor all serve as indicators that the cheap labor model is very likely unsustainable in the long run, at least in the country's coastal regions.<sup>viii</sup> In August of 2010, the cover story of the *Economist*

highlighted Chinese labor unrest, stating that in China's factories, both pay and protest are on the rise.<sup>ix</sup> This year's dozen suicides at Foxconn's factories in Shenzhen demonstrate further that the situation is getting out of control.

Another challenge facing China is unemployment among recent college graduates. Approximately six million young Chinese men and women are graduating college every year and are finding it increasingly difficult to find jobs. According to a figure released by the Chinese Academy of Social Sciences, the unemployment rate for college graduates in 2009 was 12 percent.<sup>x</sup> That same year, China had nearly 30 million college students and 98.3 million college-educated people in the working population. The latter's number is expected to rise to 195 million by 2020, making China the home of the world's largest number of college graduates.<sup>xi</sup> How to better use and absorb these new skilled workers is a huge challenge for the government, particularly given the relationship between employment and political stability. Encouraging all enterprises, social and government entities to better use these new, skilled additions to the workforce is seen as a major way to advance the Chinese economy and speed up the urbanization process.

## 2. From "Made in China" to "Created in China"

The Chinese government has set a target to transform China into a more innovative and creative country by 2020. However, this cannot be realized unless China places more emphasis on *rencai* required to build China into an innovative country. Although China is the largest manufacturer and exporter in the world, it has very few brand names that are globally recognized.

China is famous as the "factory to the world", but even its best companies enjoy little fame. This paradox has become a vexing problem for China's leaders. The nation is now too rich to continue growing at a double-digit pace by simply putting more migrant workers from rural areas to work in factories and then using low manufacturing prices to undercut its Western, Japanese, and South Korean competition. The job of making cheap clothes, toys, and electronics is moving on to even less expensive labor markets, such as Vietnam and India.

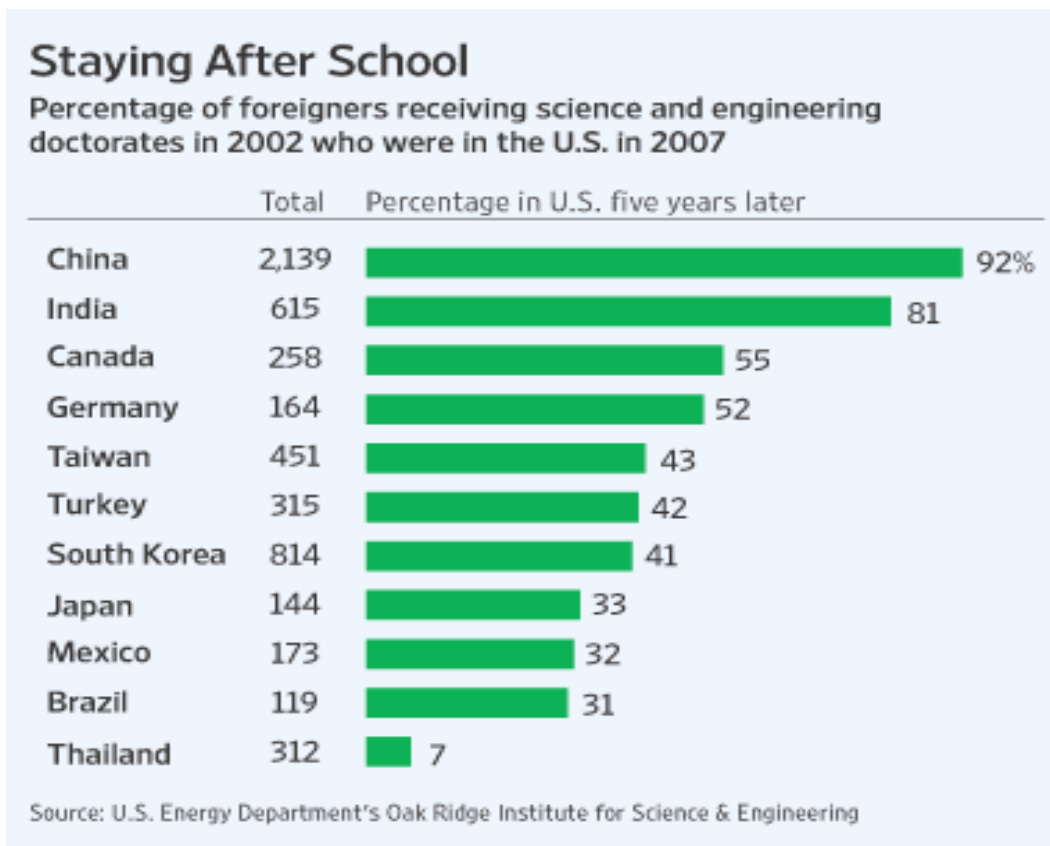
In order for China to climb the ladder of technology, elevate its value chain, and produce some well-known brands with reputations for quality, innovation and service, it has to place more emphasis on talent. The Chinese government realizes that building an innovative and creative country requires the cultivation of *rencai*, and that this potential must be developed with a sense of urgency.

## 3. From Attracting Financial Capital to Attracting Human Capital

Another way to look at China's economic development model is to focus on its past emphasis on attracting foreign capital. This has been carried out at every level of government in earnest since the first special economic zone was established in 1979. For many years China has ranked as the top FDI recipient country in the world. It now has the largest foreign exchange reserve in the world, with reserves rising above USD 2 trillion in April 2009 and reaching a record USD 2.45 trillion at the end of June 2010.<sup>xii</sup>

China has also enjoyed a huge trade surplus for a number of years. However, in terms of the exchange of *rencai*, it has suffered a major deficit. China has sent out 1.62 million students and scholars since 1978, but as of today, only 497,000 have returned to China. The fact that the total number of returnees is now close to half a million was helped by the financial crisis in some developed countries: over 100,000 students returned to China in 2009 alone. Although the total

return rate is now around 30 percent, the U.S. Energy Department’s Oak Ridge Institute for Science and Education for the National Science Foundation reports that the percentage of highly qualified Chinese *rencai* —such as U.S.-educated PhD graduates in the sciences and engineering—that remained in the United States stands at 92 percent, the highest in the world (in comparison, for these highly qualified *rencai*, India’s stay rate is 81 percent, Taiwan’s is 43 percent, South Korea’s is 41 percent, Japan’s is 33 percent, Mexico’s is 32 percent and Thailand’s is 7 percent).as can be see from the table below.<sup>xiii</sup>



China has begun to recognize that having financial resources is not enough: human resources must be prioritized in today’s knowledge economy. Therefore, methods for attracting human capital to China can have a profound impact on the country’s economic, political and social transformation.

#### 4. From Hardware to Software

China has built a large number of landmark infrastructure projects over the course of the past 30 years, ranging from the Three Gorges Dams to super high speed railways, from the Olympic Stadium to World Expo pavilions. Now, China badly needs to increase its investment in software, with a specific focus on investment in education, R&D, public health development, energy conservation and environmental protection, institution building, social welfare, think tanks and many other areas related to attaining balanced development. This change in mindset from an obsession with hardware to a focus on software requires a new strategic approach that concentrates on building an intellectual community and a talented and highly skilled workforce.

#### 5. From Investment-Driven Economy to Talent-Driven Economy

Today, China's economy is still largely driven by investment. In fact, investment now represents 45 percent of the Chinese economy, a sustained level that is historically unprecedented, both in China and in any other major economy. Heavy investment in infrastructure projects and manufacturing created the country's 225 million very low-paid migrant workers, who have little-to-no consumption power. In some sectors, including real estate, overinvestment threatens to produce dangerous asset bubbles. For example, *Caixin* magazine reported in August 2010 that 64.5 million urban electricity meters recorded zero consumption over a recent six-month period, data that seemingly confirms widely-held views of overinvestment in China's housing market.<sup>xiv</sup>

In order to maintain economic growth and develop a balanced society in the medium-to-long term, China must rebalance its economy, placing a stronger emphasis on reducing savings and boosting private domestic demand. Rebalancing requires reducing the nation's reliance on fixed investment and exports and boosting domestic consumption. This, in turn, will require an increasing reliance on the non-tradable and well-paid sectors, such as services, and less on the tradable sectors, such as manufacturing.

As of 2008, China's tertiary sector accounted for only about 40 percent of its GDP and in 2009 the proportion of employment in tertiary industries was only 34.1 percent.<sup>xv</sup> In comparison, the tertiary sector comprises more than 90% of Hong Kong's GDP.<sup>xvi</sup> In other developed countries this figure can be as high as 80 percent: in France, the tertiary sector comprises 78.9% of GDP, in the United States, 76.9% of GDP, and in Japan, 76.5% of GDP.<sup>xvii</sup> It will be a long haul for China to go from its current figure of 40 percent to a figure that is reasonably advanced for China to transform its economy and increase its consumption power. In order to complete this transition process, China will have to create better paid jobs in the service sector – which includes professionals, entrepreneurs, teachers, engineers, doctors, lawyers, accountants, consultants, artists, IT specialists, technicians and social workers – and raise overall consumption levels. This in turn requires many more well-paid and well-trained talented individuals, and not just migrant laborers. China needs to transform its workforce from one that is labor-intensive to one that is talent-rich. If it does so, its currently unsustainable development model will be transformed into a talent-driven model that will give China new impetus and power to develop for the future.

## **The Development of China's National Talent Plan**

From the above analysis of constraints and opportunities, it's obvious that China needs to map out a new national development strategy. As China rises rapidly in terms of economic progress, its need for *rencai* has become even more crucial. A national talent plan has been on the agenda for years; and in order to understand China's current plan, one needs to know the history of talent capacity development in China.

The emphasis on *rencai* received great attention after the 2001 Asia-Pacific Economic Cooperation (APEC) conference on human capacity building in Beijing. In 2002, the CCP built on this momentum by announcing its 2002-2005 National Talent Building Plan and for the first time proposed talent promotion as a national strategy to build a stronger country. A year later, in 2003, China held a national conference on human resources development, its first since the founding of the PRC in 1949.<sup>xviii</sup>

Following this, China established an above-ministry level unit called The Central Talent Work Coordinating Group. The Group was led directly by the Organization Department of the CCP Central Committee, a core organ of the CCP charged with top personnel assignments in government

and state owned sectors, with members coming from a dozen other important ministries. Continuing this trend, China included a special section on talent development in its 11th Five-year Plan (2006-2010). Then, at the 17<sup>th</sup> Party Congress in October 2007, the CCP adopted talent development as a strategy to revitalize the country for the first time, adding it to the Party Congress Report and even the Party Constitution. With this as a backdrop, an action plan on talent was waiting to be developed.

After becoming a CCP Politburo member and minister of the Organization Department, Li Yuanchao led the CCP Talent Coordinating Group to place talent strategy work at the top of its working agenda. In February 2008, in order to add more vigor and strength to the talent strategy, Minister Li proposed drafting a detailed national talent development action plan. Minister Li's proposal quickly obtained support from Hu Jintao, Wen Jiabao and Xi Jinping.

In order to draft the plan, the coordinating group assembled more than 30 key Organization Department staff members and specially invited 28 top experts to participate in the drafting of the plan. The coordinating group began by conducting comprehensive discussions and in-depth studies on issues related to talent resulting in the submission of an impressive 42 reports and 161 sub-reports on the national talent plan.<sup>xix</sup>

China's National Medium and Long-term Talent Development Plan (2010–2020) took almost two years to complete. It is the result of wide consultations and deliberations with different levels of government, academics and business leaders, and involved over 500 meetings, 30,000 people all over the country, and 1,051 comments from the general public. Even China's most important leadership body, the Politburo, held two special meetings to discuss this plan, which led to the approval of the project in April 2010.<sup>xx</sup>

### Some Notable Points of the Plan

China's National Talent Development Plan ascribes "talent" to those with certain professional knowledge or special skills that are able to do "creative" work and make a contribution to society. According to President Hu, China will complete its transition from a labor-intensive nation to one driven by talent by 2020.

**Table 1 : Main Indicators of China National Talent Development Plan**

Target	Unit	2008	2015	2020
Total No. of <i>Rencai</i>	Ten Thousand	11385	15625	18025
Ratio of R & D <i>Rencai</i> in Labor Force	Person/10000	24.8	33	43
Ratio of High Skilled <i>Rencai</i> in Labor Force	%	24.4	27	28
Ratio of Labor Force who Have Higher Education	%	9.2	15	20
Ratio of Human Capital				

Investment with GDP	%	10.75	13	15
Ratio of Talent Contribution To GDP	%	18.9	32	35

**Note:** The Ratio of Talent Contribution to GDP is the average number between the intervals of the years. The ratio for 2008 is the average number between 1978 and 2008, the ratio for 2015 is the average number between 2008 and 2015, and the ratio for 2020 is the average number between 2008 and 2020.

*Source: Chinese government website: [http://www.gov.cn/jrzq/2010-06/06/content\\_1621777.htm](http://www.gov.cn/jrzq/2010-06/06/content_1621777.htm)*

Table 1 shows some of the targets set by the National Talent Development Plan. Below, I have summarized some of the notable points of this new talent strategy.

### *1. A Paradigm Shift*

At the beginning, the plan emphasizes that talent is the top priority resource for China’s social and economic development. This new paradigm shift in China’s model of development, led by the country’s top leaders, has sent a very strong signal that unlike the past, when much importance was attached to hardware, it is now human talent that is the most valuable and important asset for China to have and cultivate. To invest in developing Chinese talent resources, China even spells out in the plan that it can utilize international financial institutions’ funds and foreign government loans to develop skilled labor programs. This is most likely the first time that the Chinese government has emphasized the use of foreign investment in talent development in China.

### *2. Establish National Talent Development Targets*

According to the plan, spending relating to human resources will account for 15 percent of the country’s GDP by 2020. This expenditure will include investment in education and research and development. The strategic objective of the plan is to transform China from the country with the largest population into a country with a deeper pool of human resources.

To accomplish this, the plan stipulates that the overall talent pool will increase from its current level, 114 million people, to 180 million by 2020. This means that China needs to increase its talent pool by 66 million in the next 10 years. Given the fact that China currently produces about 6 million college graduates every year and will likely produce more in the future, including other sources of *rencai*, it should not be too difficult for China to accomplish this goal. The plan additionally aims to increase the ratio of citizens with a higher education background in the workforce from 9.2 percent in 2008 to 20 percent by 2020.

### *3. Emphasis on the Quality and Selection Process for Officials*

It is worth noting that the plan stresses that the Party and the government will need to employ officials with good qualifications in the future, which will require them to enlarge the competition and selection process and expand the selection sources for choosing officials. It proposes the implementation of higher and more rigid standard evaluative criteria for the performance of government officials. Finally, the plan also requires that for all major decisions made by the government, they must consult with the appropriate experts. In order to raise the qualifications of

Chinese government officials, the plan calls for more than 85 percent of all government officials to have four years of college education by 2020.

From 2006 to 2009, over 528,000 people were recruited as civil servants through examinations. From 2003 to 2009, a total of 40,000 leading cadres of the Party and government were appointed through open selection, and 339,000 Party and government cadres at different levels took leading posts through competition.<sup>xxi</sup>

The plan also calls for Chinese government entities and work units to break away from restrictions and limitations on talent flows and create an open environment for utilizing talented individuals. It stresses that the Party and the government must widen various channels to recruit talented individuals and improve the system that hires officials from various enterprises, institutions and social organizations.

#### *4. Six Categories of Talent Emphasized*

The plan lists six major categories of talent that the government will help cultivate:

- 1) Political leaders and officials;
- 2) Business entrepreneurs;
- 3) Technical professionals;
- 4) Highly-skilled *rencai* in different industries;
- 5) Practical *rencai* for rural areas and agriculture; and
- 6) Professional social workers.

The plan specifies the key fields that should be prioritized to promote a more reasonable structure of talent. It is worth noting that highly-skilled *rencai*, practical agricultural and social *rencai* were emphasized as three newly-added categories to the plan. Currently, China has a small supply of highly-skilled labor forces for use in upgrading its manufacturing sector. Additionally, it is still lacking enough practical agricultural specialists to improve the agricultural sector, one deemed to be of key strategic importance by the government. In the plan, professional social workers (which include non-profit organization *rencai*, social welfare helpers, and voluntary and social workers for urban and rural areas) are listed as a category of talent for the first time indicating that China has realized that professional social workers can play an important role in cultivating a well-balanced society.

#### *5. Specific Sectors in which Talent is Greatly Needed*

The plan also features concrete numbers of *rencai* needed for specific sectors. For example, by 2020, more than 5 million *rencai* will be needed in equipment manufacturing, information technology, biotechnology, new materials, aeronautics and astronautics, oceanography, finance and accounting, international business, environmental protection, energy resources, agricultural technology, and modern traffic and transportation.

In the coming 10 years, more than 8 million professionals will be needed in the fields of education, political science and law, medicine and health, publicity and cultural information, and disaster prevention. The government will conduct large-scale training programs to encourage more college graduates to work in China's rural areas to help local farmers live a better life. In terms of professional social workers, the plan says that the government will put measures in place to train



about 3 million professional social workers by 2020. This is a category that China probably needs the most as its civil society develops.

## 6. Prioritized R&D Sectors

The plan proposes that of every 10,000 people in the labor force, at least 43 professionals should be working on research and development (R&D) and R&D professionals will number 3.8 million by 2020. To put China's ambition in perspective, we can look at the current number of R&D personnel in developed countries. According to Eurostat, there are a total of 1.356 million R&D personnel in the 27 countries of the European Union: including 284,300 in Germany, 211,100 in France and 175,500 in the United Kingdom.<sup>xxii</sup> In contrast, the United States Department of Labor Statistics Bureau has put this number in the US at 621,700.<sup>xxiii</sup>

Overall, China's national R&D spending will increase from 1.62 percent now to 2.5 percent by 2020, a target set by the Chinese government. In line with this goal, China has announced that the national education budget will be increased in the next two years to reach 4 percent of GDP by 2012. Indeed, in order to reach China's national objective of becoming an innovative country, China has to increase the share of GDP spent on R&D and education, two problems that have long troubled the central government. Now, as China has more financial resources, these areas will be crucial in supporting the shift from a labor-intensive to talent-rich society.

According to the Chinese Ministry of Commerce, there have been more than 1,200 R&D centers set up by multinational companies in China.<sup>xxiv</sup> For the first time, China will now also officially encourage Chinese enterprises with the resources to set up R&D centers or sub-centers overseas.

## 7. Business and Entrepreneurial Rencai

China's economic boom in the past 30 years has largely been contributed to a growing number of Chinese entrepreneurs and the growth of a professional business class. Now, as many Chinese companies want to go global, China still lacks capable CEOs and top management for international business, especially in its state-owned enterprises (SOEs) and large private enterprises. The state also hopes to increase efficiency and competitiveness among these firms. From 2003 to 2009 the number of managerial and administrative personnel employed by way of open recruitment and competition for positions increased from 334,000 to 521,000 in China's SOEs.<sup>xxv</sup>

In order to add more pressure for SOEs to change, the plan aims to cultivate around 100 business leaders and CEOs who can lead Chinese firms reaching the ranks of Fortune 500 companies by 2020. It also aims to have a total of 40,000 international business-savvy *rencai* working for SOEs by 2020, with 50% of them hired through market competition. This is actually a quite unusual move: in the past, almost all of the top management of SOEs were promoted or hired from within the system.

China has tried to recruit globally for its large SOEs in recent years, but the ratio of global hires is very low, and those hired are still often within the system as employees at different SOEs. Now, with the new plan in place, it is widely expected that this can be changed with time. Furthermore, it is also important to note that Chinese citizenship is no longer required for some of the top management positions in China's major SOEs.

The recent high profile recruitment of Zhang Hongli from his position as the chairman of Deutsche Bank - China to the position of Vice President of the Industrial and Commercial Bank of China

(ICBC), the largest bank in China and one of the largest in the world, is a concrete example of this plan in action. This appointment marks the first time a state-owned bank has recruited a senior manager directly from a foreign bank.

### 8. *Thousand Talents Program*

The national talent plan also launches 12 talent programs or projects covering all aspects of talent work in China. One program that has received a lot of attention is the Thousand Talents Program, which calls for China to attract 2,000 high-level overseas *rencai* to move to the PRC in the next five-to-ten years.

Premier Wen has recently stated that the country will also carry out more open policies to attract overseas talent. “We will increase spending on talent projects and launch a series of initiatives to offer talent-favorable policies in households, medical care and the education of children,” he said. Specifically, the national plan also seeks to attract overseas Chinese and foreign academics and professionals working at the world’s best institutions or as entrepreneurs.<sup>xxvi</sup>

By May of 2010, 662 people had been recruited under the program, which gives priority to leading scientists and entrepreneurs who are able to make breakthroughs in key technologies, develop high-tech industries and lead new research areas. Over 80 percent of them are foreign nationals, with most of them originally from China.<sup>xxvii</sup>

Among these recruits, the first group of 300 has been enrolled in training courses given by various ministers, including Minister Li Yuanchao, at the Central Party School in Beijing. The fact that the Central Party School has started cultivating *rencai* who were traditionally considered to be outside of the system and having foreign passports is unprecedented.

Although most of the recruits have been overseas Chinese with foreign passports, there have also been some Westerners. One example is Robert Glenn Parker, a UC Berkeley Ph.D and former University of Michigan professor who now works at Shanghai’s Jiao Tong University. Other examples include Ross Macallister, who became Chief Information Officer of Sinopec, a Fortune 500 company in China, and previously worked as a partner at Atos Consulting in UK; and Mikhail Eremets, a German expert in high-voltage super conductors, who now serves as a professor of Physics at the South China University of Technology.

China’s efforts to attract overseas *rencai* have also included programs to attract experts to work in China on a short-term basis. For example, the State Administration of Foreign Expert Affairs reported that in 2009, the country recruited about 480,000 professionals from foreign countries, Hong Kong, Macao and Taiwan to work as experts in China. In addition, about 50,000 Chinese officials and professionals went overseas for various training programs last year.<sup>xxviii</sup>

Earlier this year, Minister Li Yuanchao stated that “top-notch *rencai* are crucial for improving the core competitiveness of a country, a region, and a company.” Additionally, he noted “not only should the central government earnestly carry out its talent recruitment program; local governments should also develop their own programs to create conditions to allow *rencai* to achieve.”<sup>xxix</sup> His words reflect a new strain of thought in the Chinese government that shows they’re paying more attention to global *rencai* and various talent resources compared to the more traditional focus on natural or financial resources.

## 9. More Liberal Policy on Foreign *Rencai* and Talent Exchanges

The plan also features the first indication by the Chinese government that it intends for the first time to improve its permanent foreign resident (Green Card) system. China had started a primitive green card system in 2003, but it was limited to the foreigners already working in China and only a small number were issued. This system must be improved to cover the many foreigners living in and outside China who want to become permanent residents in China. In the plan, China has stated that it will explore the policy issues in regards to technically skilled immigrants to China. Unlike many Western countries, China still does not have an immigration bureau or department, but its intention to improve the permanent foreign residents system and explore policy changes regarding technically skilled immigrants through the plan are marked breakthroughs in Chinese policy-making. By the end of 2009, there were only 223,000 foreigners working in China with employment permits.<sup>xxx</sup>

The plan even calls for more foreign students to study in China. From 1978 to 2009, the number of foreign students from 190 countries and regions studying in China reached 1.69 million/times.<sup>xxxi</sup> This can be seen as a follow-up to President Obama's pledge to send 100,000 US students to study in China over the course of the four years following his November 2009 visit to China. In a U.S.-China joint statement, the White House noted that nearly 100,000 Chinese students come to the United States each year, while the United States sends about 20,000 students to China yearly. (The actual number, according to the data from the Institute of International Education, may be closer to 13,000.)

Furthermore, the plan also encourages Chinese government to send more Chinese *rencai* to work for international institutions. Good examples of these include Justin Lin, former Director of the China Economic Research Center of Peking University, who now is World Bank Chief Economist and Senior Vice President, and Zhu Min, the former Vice Governor of People's Bank in China, now a special advisor to the IMF. With this plan openly encouraging this type of career movement, it is likely that more Chinese *rencai* will work for international agencies. By the end of 2009, there were 1,002 Chinese working in different international organizations.<sup>xxxii</sup>

## 10. Special Talent Policy Management and Reform Zones

The plan also encourages local governments and industries, taking into consideration their own developments, to set up special talent policy management and reform zones that will be compatible with and connected to the international practice of talent and human resources management systems. Since the plan was announced, Beijing's Zhongguancun, the largest hi-tech development zone in China, has started to explore and map out new policies to set up a special talent zone in China that will make it China's Silicon Valley. Since the plan was announced in June, governments in Beijing, Shenzhen, Wuhan, Dalian, Suzhou and Wuxi have all proposed the establishment of special talent zones in China.

Wuxi, a traditional and old-fashioned industrial city in Jiangsu Province with many rural township enterprises, has embarked on a strategy to upgrade its old industrial town into a new city driven by science and technology. Up to now, the city has attracted over 1,000 overseas returnee start-ups in areas such as hi-tech, new energy, biotechnology, information and content networking. Not only that, it has even initiated a special policy to attract foreign entrepreneurs and foreign talented individuals to Wuxi to directly set up ventures and enterprises.

## 11. Program for Supporting more Talented Cultural and Scholar Figures

Among the 12 national talent programs specified in the plan, a program on cultivating cultural and artistic figures deserves special attention. This project was originally not in the plan, but was added due to recommendations resulting from the exchange of views between scholars and officials. This program notes that in order to increase China's soft power, the PRC also needs to cultivate a group of highly-respected and talented scholars and cultural figures with wide influence. Therefore, the government should support research fields such as philosophy, social science, news and publishing, culture and art, heritage protection and related social and humanities areas. By 2020, the number of these highly respected and very talented cultural and scholarly figures funded by the government will reach 2,000.

## **Final Thoughts: Talent as a National Strategy to Transform China**

The national talent development plan can be viewed as a new national strategy to transform China from a labor-intensive country into a talent-rich one. Although this plan was established by the central government for implementation at the top levels of government, the example set by the central government's talent plan has already led many Chinese provincial and municipal governments to establish local talent development plans. Through this, there has been a new emphasis placed on talent development in many regions, which are in need of talented individuals now more than ever before. Guangdong Province is a good example of this phenomenon, particularly since it has been hit hard by the global financial crisis and the subsequent closure of many labor-intensive manufacturing facilities in the province. There, CCP Politburo Member and provincial Party Chief Wang Yang chaired a study meeting for all top provincial leaders on this author's book *National Strategy—Talents Change World* on May 22 of this year.<sup>xxxiii</sup> The aforementioned Foxconn serial labor suicides and the strikes at Toyota and Honda all happened in Guangdong this year. Thus, Guangdong needs to find a new strategy to upgrade its industries and maintain its growth. In 2007, Guangdong's GDP, after overtaking those of Singapore and Hong Kong, surpassed that of Taiwan.<sup>xxxiv</sup> However, while the financial crisis was still impacting Guangdong in 2010 and it continued to face various new challenges to its economy, the daunting tasks facing Guangdong are not unique to the province; they are in fact challenges faced by the whole country.

Cheap labor has fueled China's development miracle over the past three decades, but that model, focused mainly on manufacturing, requiring high resources and energy consumption and resulting in a heavy toll on the environment, has led China to a crossroads. China needs to find a new growth engine and a new effective stimulus, which will require changing the mindset regarding investment that has dominated the past 30 years. While China's past success was built on its population dividend, its future growth will rely on the new strategy set forth by this newly adopted national talent development plan.

*Dr. Huiyao Wang was a Visiting Fellow at the Brookings Institution's John L. Thornton China Center and is the Director General of the Center for China and Globalization in Beijing. He participated in the drafting of China's Medium and Long-term Talent Development Plan, 2010-2020.*

## **Notes**

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