

China Human Capital Flows: Opportunities, Advantages & Policy Implications

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I. Background

Three Waves of Globalizations

- First Wave: globalization of trade -- goods movement;
- Second Wave: globalization of finance -- capital movement;
- Third Wave: Globalization of talent – talent movement



I. Background

Global Competitions for Talents

- Intensifying competition for talent
- Shifting centers of economic activity
- Increased technological connectivity
- Dealing with regional diversity
- Speed of addressing problems and opportunities

McKinsey Report, 2008



II. China Talent Flows

- Today, nearly 300,000 Chinese go overseas annually to study, with accumulative over 2 million who have studied mainly in USA, UK, Canada, Australia, Japan and other EU countries
- To date, over 700,000 Chinese graduates have returned to China, or to be called Sea Turtles
- It has been estimated another 100,000 Chinese overseas travel in between other countries and China or to be called Seagull, many of them from Canada .
- There are also about 1.3 million students and scholars still overseas, many of them are professionals .
- There are over 250,000 foreign students in China



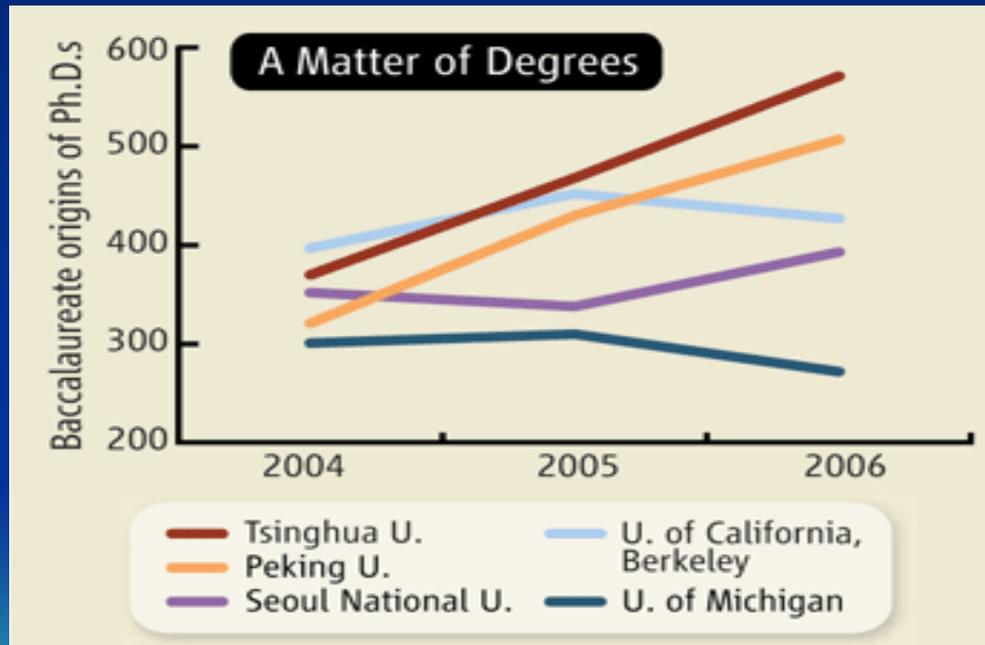
II. China Talent Flows

- China now is the largest student sending country to the USA, over 130,000 in 2010
- China is the largest investor immigrants country to the USA, second largest in immigration after Mexico to USA
- Obama announced that US will send over 100,000 US students to China in four years' time



II. China Talent Flows

Chinese Top Talent to US



II. China Talent Flows

Chinese Top Talent Stay in US

Staying After School

Percentage of foreigners receiving science and engineering doctorates in 2002 who were in the U.S. in 2007



Source: U.S. Energy Department's Oak Ridge Institute for Science & Engineering

II. China Talent Flows

Chinese and India Talents Returning

- I have recently co-authored a new study with Vivek Wadhwa, Sonali Jain, AnnaLee Saxenian, Gary Gereffi on Chinese and Indian returnee entrepreneurs and released by Kauffman Foundation in April 2011.
- This study has been widely reported by many well known main stream media such as Wall Street Journal, USA Today, Business Week, China News Agency, Indian Times, etc.

II. China Talent Flows

Chinese and India Talents Returning

Our survey's key findings include:

- More than 60% of Indian and 90% of Chinese respondents cited economic opportunities in their countries as a very important factor in motivating the return home.
 - The returnees took pride in contributing to economic development in their home countries. More than 60% of Indians and 51% of Chinese rated this as very important.
 - 56% of Indians and 59% of Chinese said their quality of life back home was better or equal to what they had experienced in the United States.
 - In China, 76% ranked access to local markets as very important. In India, 64% did.
 - Salaries were the only advantage the respondents attributed to the United States. 64% of the Indian respondents said their salaries were better in the United States than at home. 53% of Chinese respondents said that salaries were higher in the United States, while 20% stated they were about the same in the United States and China.
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III. China's Talent Development

Main Indicators of China National Talent Development Plan

Target	Unit	2008	2015	2020
Total No. of Talent	Ten Thousand	11385	15625	18025
Ratio of R & D talent in Labor Force	Person/10000	24.8	33	43
Ratio of High Skilled Talents in Labor Force	%	24.4	27	28
Ratio of Labor Force who Have Higher Education	%	9.2	15	20
Ratio of Human Capital Investment of GDP	%	10.75	13	15

III China's Talent Development

Thousand Talents Program

- The Thousand Talents Program calls for China to attract 2,000 high-level overseas talents to work in China in the next five-to-ten years.
- By the end of August 2011, 1510 people had been recruited under the program, and over 80 percent of them are foreign nationals, with most of them originally from China.
- The Youth Thousand Program to attract another 2000 talents under 40 years old in five years time.
- China also attracts many foreign experts to come to work in China on short-term basis, 480,000/times of them from overseas to work in China in 2009. Will soon launch Foreign Experts Thousand Talent Program.

III. China's Talent Development

China's other programs on overseas talents

- Started 1998, Changjiang Scholars Program, (长江学者计划) 14000 scholars awarded for making services to over 130 universities in China
- Started 1997, Spring Light Program, (春晖计划) 12000 returned on short term basis for the service
- Started 1994, Hundred Person Program by Chinese Science Academy (百人计划)
- There are also 150 returnee entrepreneurial parks (创业园) set up in China and over 10000 enterprises set up by returnees

III. China's Talent Development

More Liberal Policy on Foreign Talents and Talent Exchanges

- The plan indicates that Chinese government wants to improve its permanent foreign resident (Green Card) system.
- The plan has stated that it will explore the adoption of the policy as regards technically skilled immigrants to China.
- By 2009, there were 223,000 foreigners working in China with employment permits.
- The plan even calls for more foreign students to study in China.
- The plan also encourages more Chinese talents to work for international institutions. Good examples of these include Justin Lin, who now is World Bank Chief Economist, and Zhu Min, now a special advisor to the IMF. By the end of 2009, there were 1,002 Chinese working in different international organizations.

III. China's Talent Development

New Talent Circulation Sino--Canada

- New exchange model:
ex-country talents → study or immigrated to Canada → work in Canada → bring technology and social capital to home country → attract more home country investment back to Canada → bring more Canadian companies back to home country again to do business → new investment, new ventures overseas, circulation continues...

IV. Policy Implications for Canada

- 2.8 million Canadians living abroad, 8% of the total population, high percentage of global talent
- Hong Kong has 300,000 Canadian alone
- Over one million Chinese Canadian in Canada
- China has constantly being the top immigrant country to Canada and the trade will continue
- In 2009, there are 200,000 foreign students in Canada, 50,000 of them are Chinese students
- In 2011, Canada offers 59,470 holiday working visa quota: France 1,400, Australia 10,500, Japan 6,500↑; Germany 5,000, South Korea 4,000, Hong Kong 200 and Taiwan 1,000, China ?

IV. Policy Implications for Canada

To facilitate human capital flow between Canada and China

- **Need to propose a new Canada China new HD cooperation strategy**
- **Establish a bilateral governmental mechanism on HD between Canada and China**
- **Carry out a research project on the trends, benefits and advantages between two countries talent flows**
- **Facilitate dual citizenship or similar arrangement**
- **Issue more students visas for Chinese students**
- **Start to provide holiday working visa to China**
- **Establish China Returned Canadian Association**

IV. Policy Implications for Canada

- **Canada can take the advantages of China's emphasis on talent to better use and tap the large Chinese Canadian talents pool**
- **People and talent flow between Canada & China to facilitate more business opportunities, such as students, immigration, tourism, investment and bilateral trade etc.**
- **Human Resources will be the new area of future cooperation between Canada & Canada on both federal and provincial level**
- **Canada China talent linkage is the fastest growing ties for two countries in the coming decade**



Thank you !

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