

China's policies to address challenges from population aging and labor shortages



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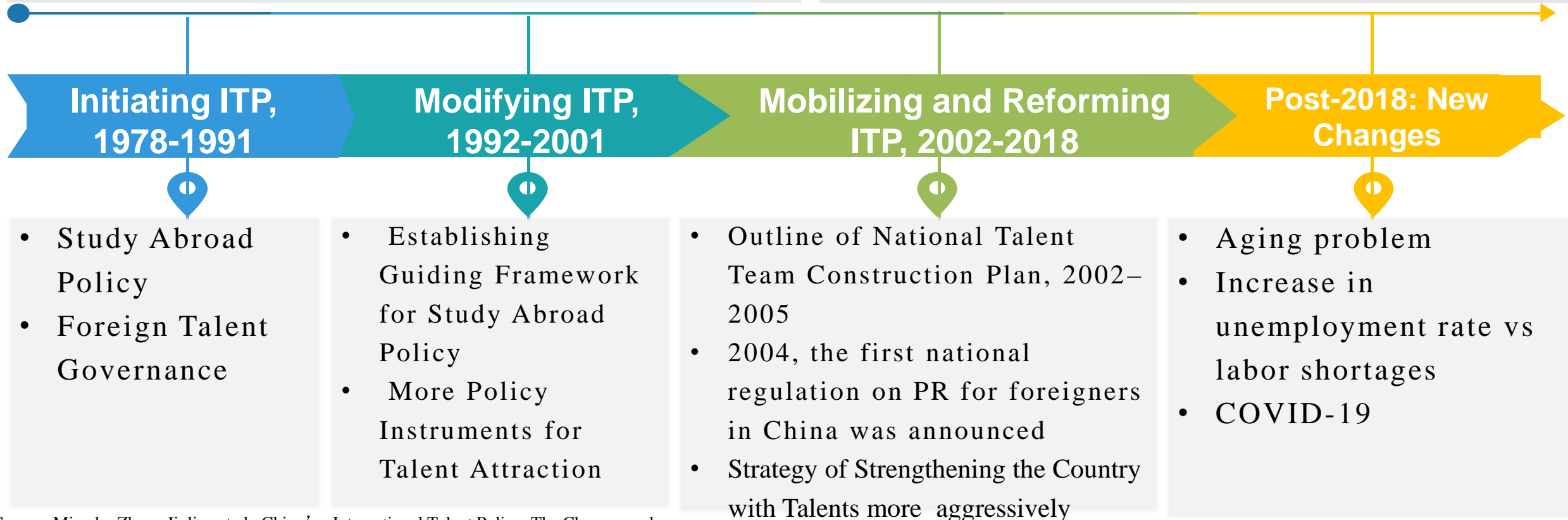
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Driving Forces

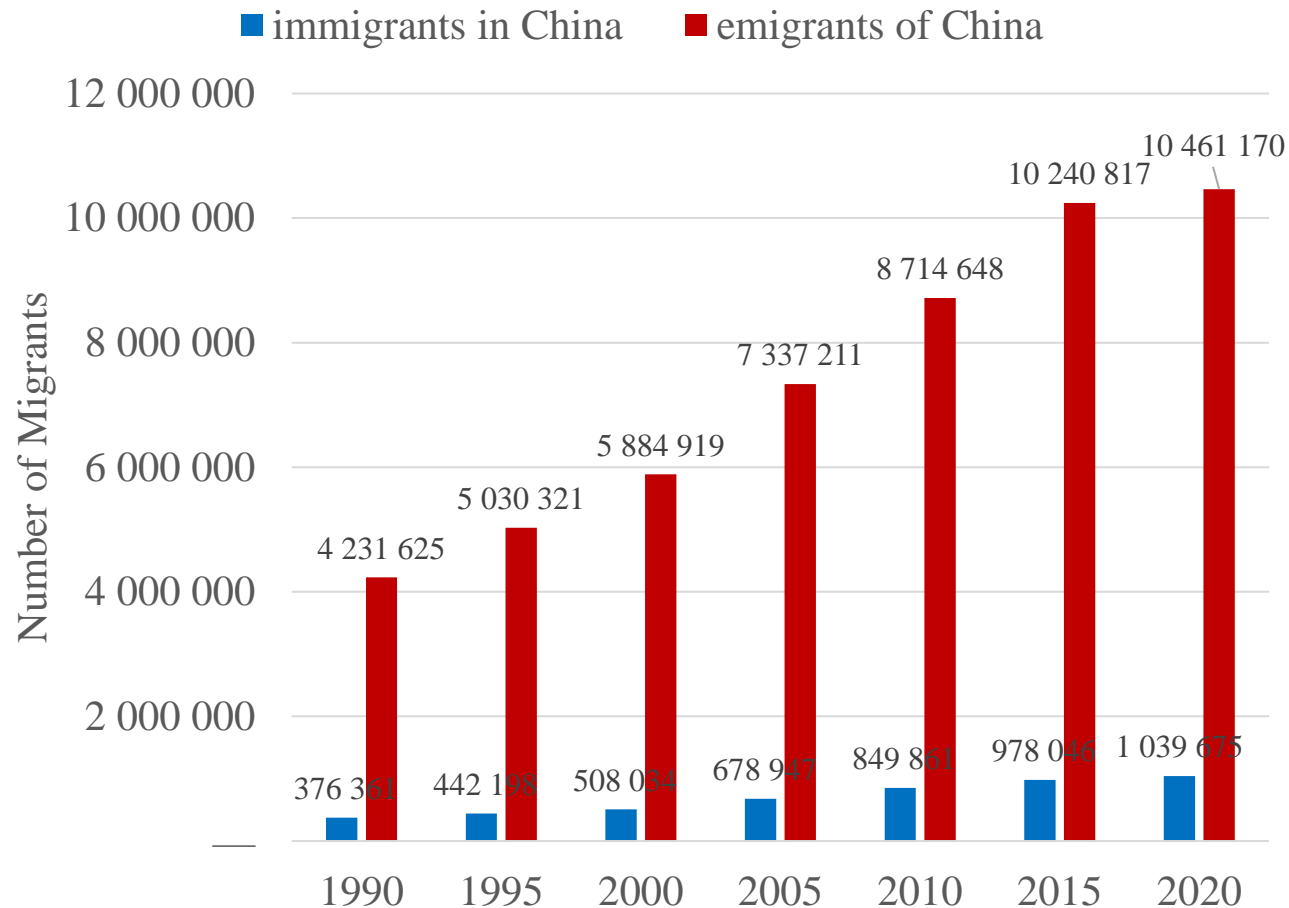
- Talent was desperately needed
- Reform and open to the outside world
- Establishment of a Socialist Market Economy System
- The exports and FDI inflows grew

Policy Goals:

- Attracting highly skilled foreign talents
- Bring in advanced technologies and knowledge
- Promoting academic development and entrepreneurship
- Transform the labour-intensive economy to a technology-intensive economy



Number of Chinese Emigrants and immigrants in Chinese mainland



Source: UN DESA

By mid-2020, **10.46 million** emigrants mainland China had become **the 4rd largest emigration country** that ranks after India, Mexico and Russia.

Most of the Chinese emigrants are international talents

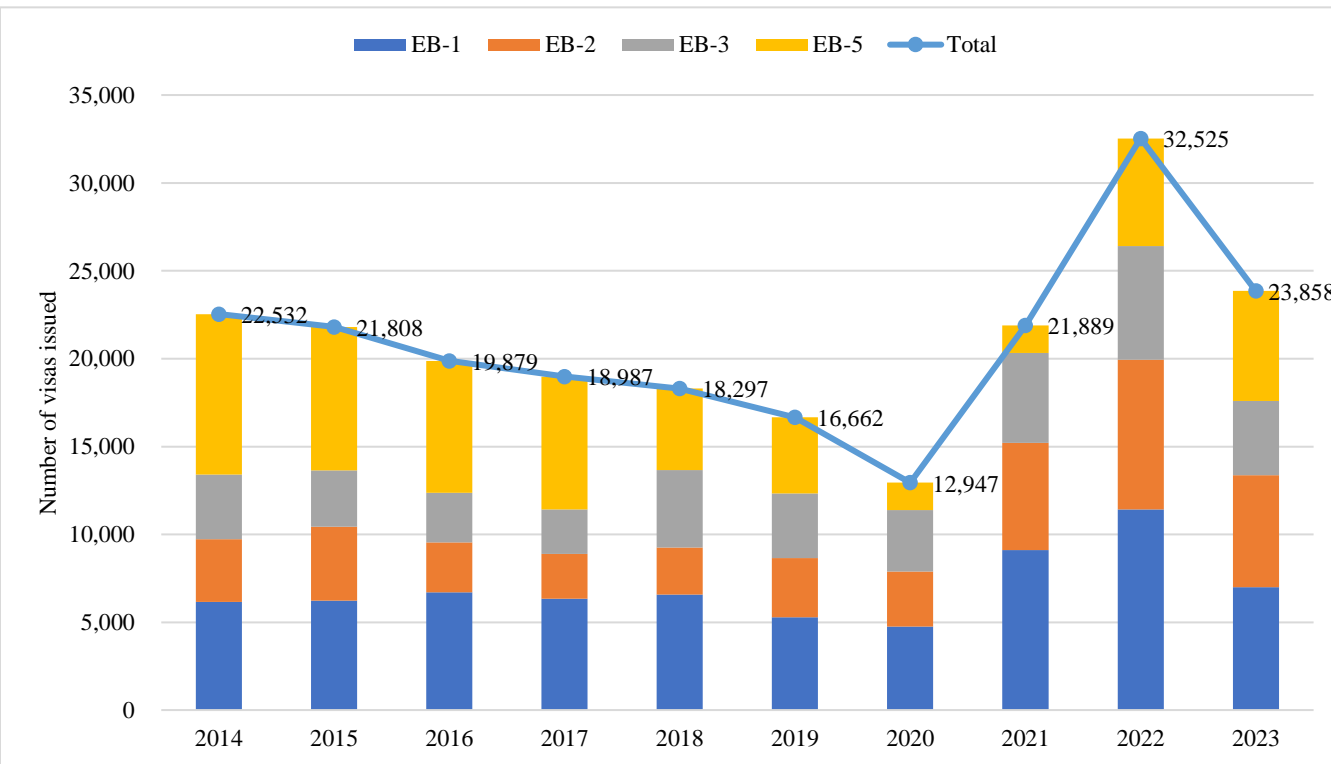
At the same time, **about 1.04 million immigrants in mainland China**, accounting for about 10% of the total number of emigrants, accounting for 0.07% of the total population of the Chinese mainland

High-level talent emigrants vs immigrants in China

2014 - 2020, the number of Chinese obtaining United States immigrant visas in the employment category declined steadily, from 22,532 in 2014 to 12,947 in 2020. It then continues to rise in 2021 and 2022, reaching a near-decade peak of 32,525 in 2022.

In 2016, the Ministry of Public Security approved 1,576 foreigners to obtain permanent residency in China, compared with 7,356 in the ten years from 2004 to 2013.

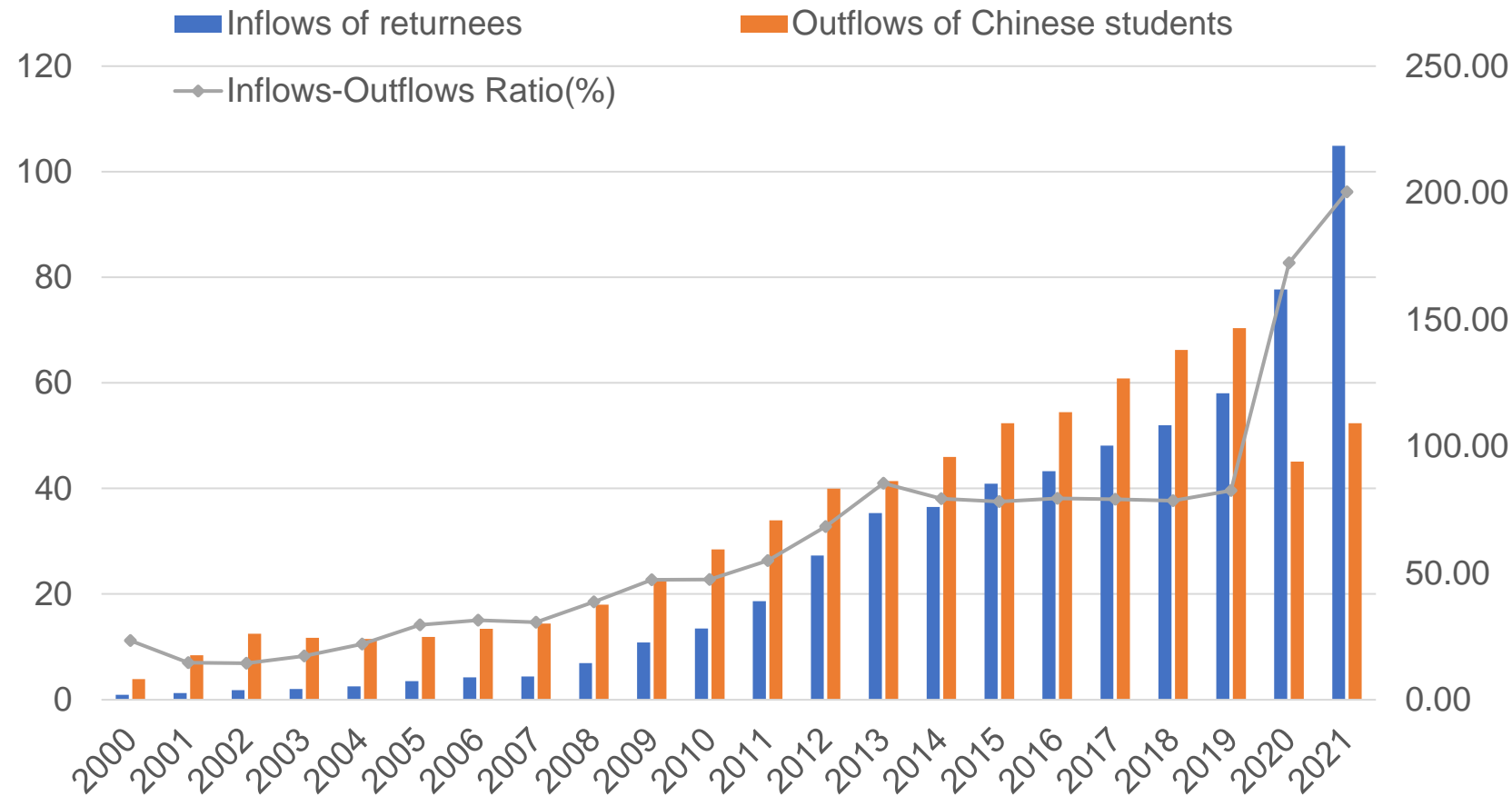
2,409 foreigners receiving permanent residence permits in China in the first half of 2018, a 109 percent increase compared to the same period in the previous year, a figure that is even more than 1.5 times the number approved in the whole of 2016.



The number and trend of China's employment-based immigrants of different categories to the United States, 2014-2023

Source: USCIS.

Annual populations of Chinese students studying abroad and returning, 1978–2021.



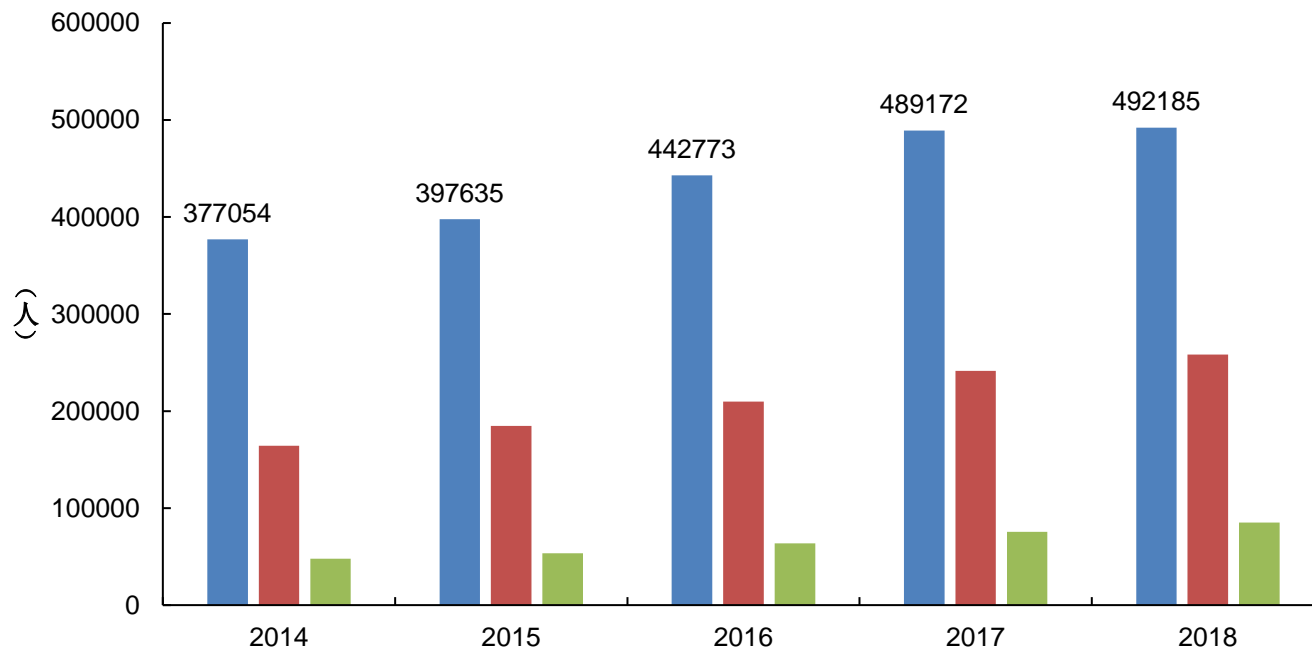
Source: 2000-2019, Ministry of Education, China; 2020,2021 is predictive data

Before COVID-19, both Chinese students studying abroad and returnees continued to grow.

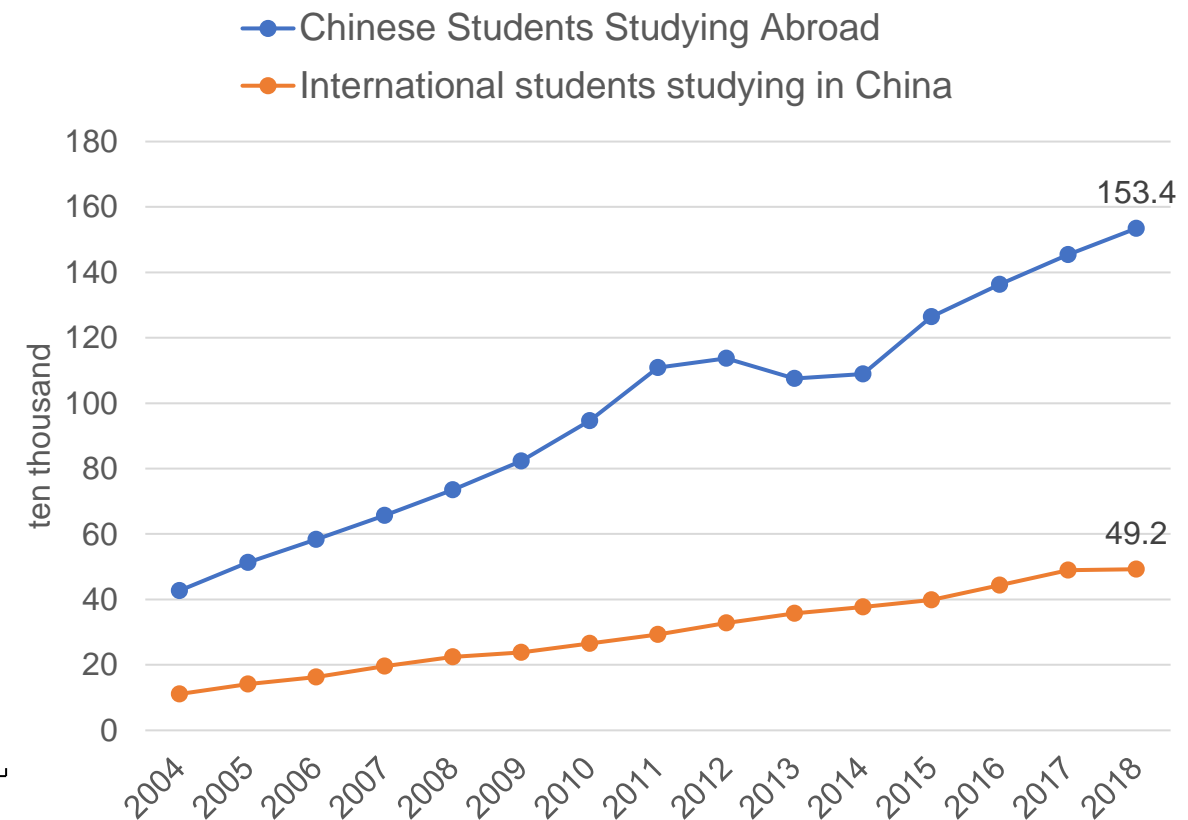
- In 2019, the total number of Chinese students returning to China amounted to 580,300, an increase of 60,900 over the previous year, or an increase of 11.73%;
- In 2020, the number of students returning to China for the first time exceeded the number of students studying abroad;
- In 2021, the number of returning students exceeded 1 million.

The gap between the number of students studying abroad and the number of foreign students studying in China has been gradually widening

- Total number of International Students Enrolled
- Degree-seeking Students
- Master/Doctoral Degree Students



Inbound International Students in China between 2014-2018

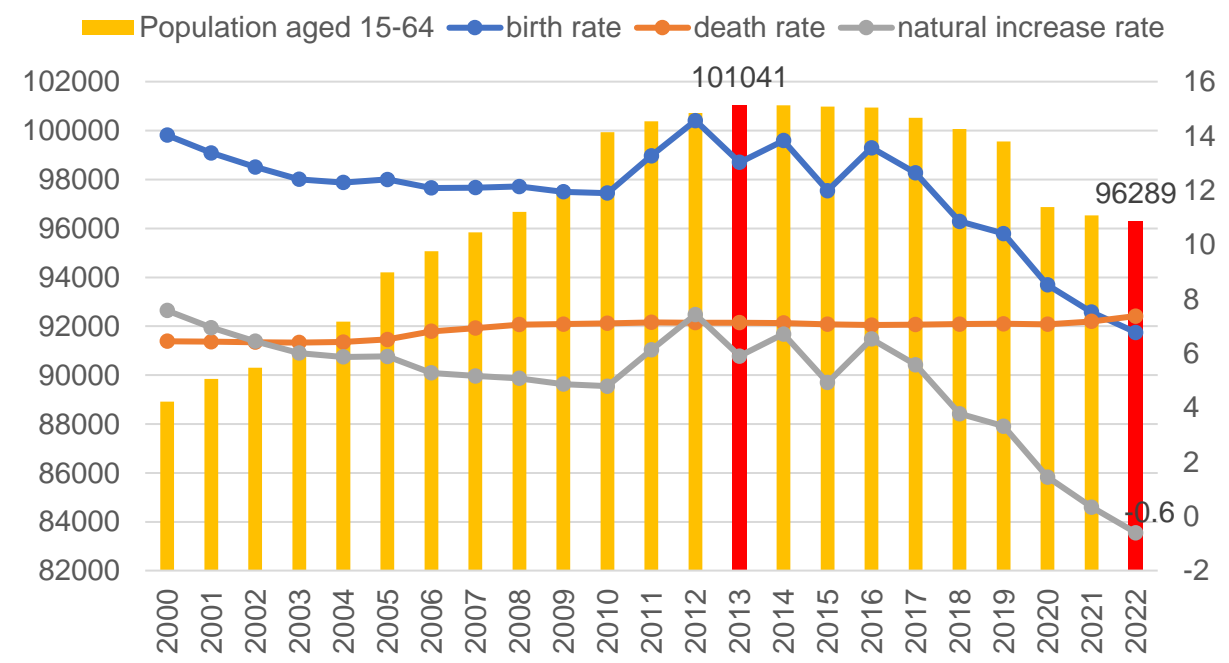
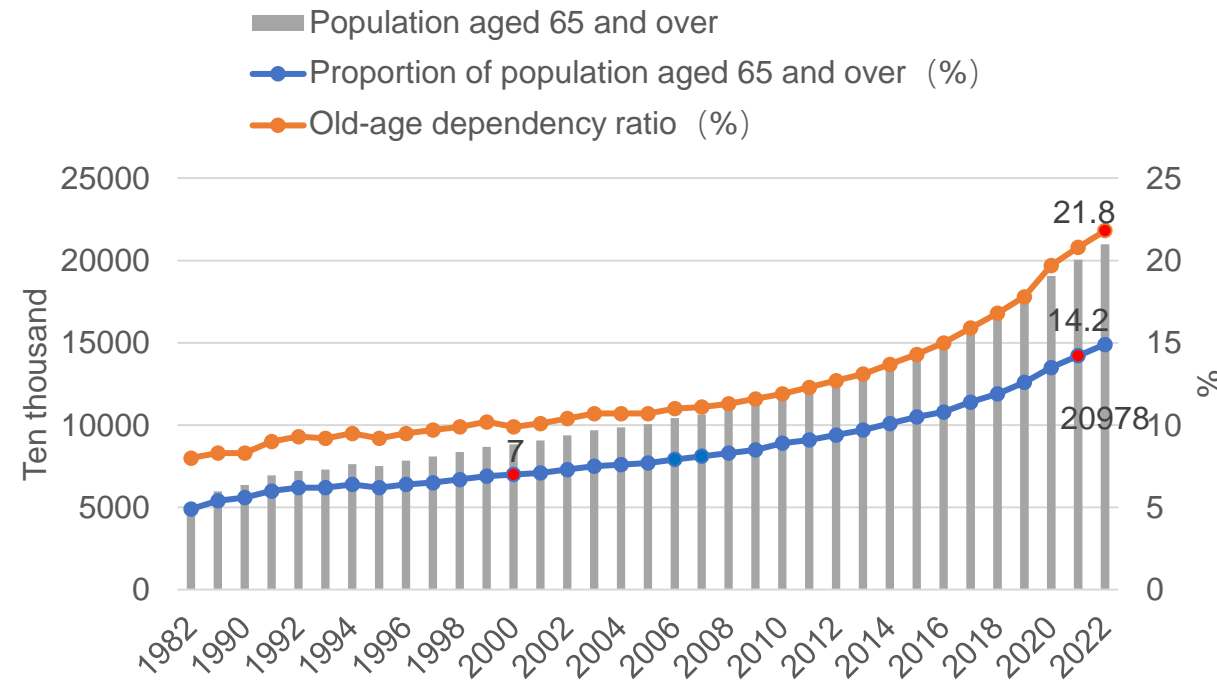


China's international student "deficit"

3.Challenges: aging population and structural changes in the labor market

2022: aged 65+ nearly 210 million
 2025: aged 60+ expected to exceed 300 million
 2000: aged 65+ 7%, Aged society
 2021: aged 65+ 14.2%, Deeply aged society
 2032: aged 65+ Reach 20%, Super-aged society

- Aged 15-64: 1.01 billion in 2013 to 0.96 billion in 2022
- Aged 15-64: 74.5 % in 2010 to 68.2% in 2022
- Births: 17.86 million in 2016, a peak since 2000. declined for six years since 2017, with 9.56 million births in 2022, 1.06 million fewer than in 2021



Sources : CNBS

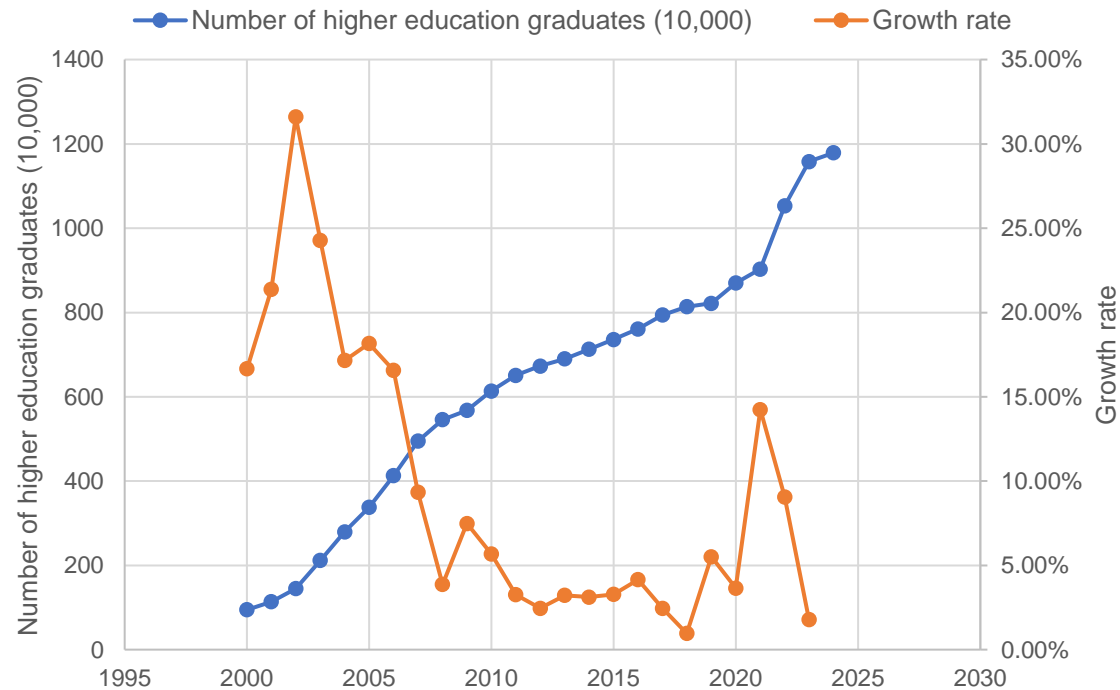
According to estimates by the Ministry of Human Services, From 2021-2025, the talent gap of ability assessors for the elderly will be 3 million.

3.Challenges: aging population and structural changes in the labor market

- **Number of higher education graduates:**
- In 2022, the number of graduates exceeded 10 million, and in 2023 it hit another record high of 10.76 million.
- **Shortage of students in the future.** 3,000 institutions of higher education nationwide, more than 46 million students enrolled in various forms of higher education

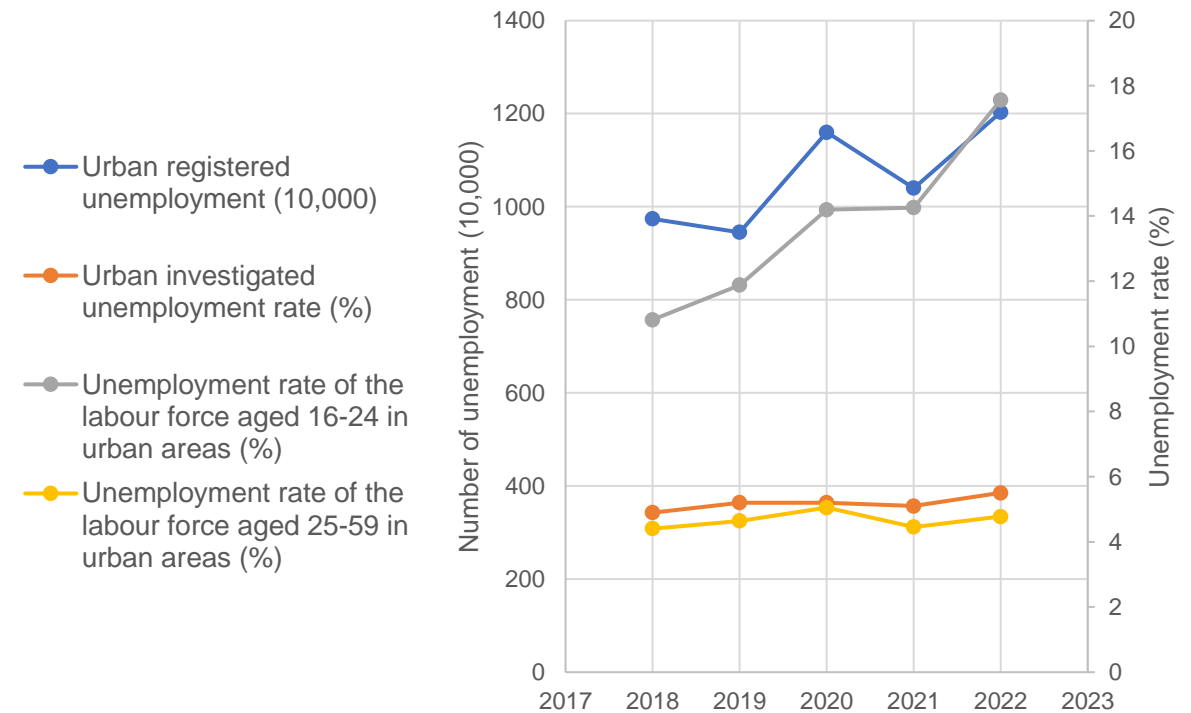
- **Employment status:**
- In 2018, 9.74 million registered unemployment in urban areas, with an unemployment rate of 4.9%. It reached 12.03 million in 2023, with an unemployment rate of 5.5 %.
- The rise in the unemployment rate of 16-24 was climbed up to 17.6 % in 2022 from 10.8 % in 2018.

Number of higher education graduates



Sources : MOE, China

Unemployment status



Data sources : CNBS

But the talent gap in the ten key areas of China's manufacturing industry close to 30 million in 2025

Aging problem



Population aging leads to higher labor costs and induces firms to use capital and technology as substitutes for labor

Implementation of the national strategy for active response to population ageing
Project on Scientific and Technological Response to Population Ageing from 2021

Increase in unemployment rate vs labor shortages



New industries, new forms of employment and new jobs emerged, the talents trained in schools mismatch the talents needed in the job market.

Education reform. Opinions on Strengthening the Construction of Highly Skilled Personnel Teams in the New Era
Enhancement of new skills training for the existing workforce

COVID-19



China has tried to explore ways to attract talent by improving its immigration policies

The draft of 'the Regulations of the PRC on the Administration of Permanent Residence of Foreigners' was published
This newly drafted regulation is undecided at this time

(1) More open and digital visa policy

The Unilateral visa-free countries expanded to more countries.

Digital technology has been utilized in China's visa applications and entry-exit management

(2) Create a more international living environment

In March 2024, The General Office of the State Council issued the Opinions on Further Optimizing Payment Services and Improving the Convenience of Payment

(3) Establish International talent exchange programs at the corporate level

Through the BRI, invite foreign professionals to work in China

(4) Support the return of Chinese overseas talents

Various innovative and entrepreneurial programs for overseas talents have been launched

(5) Encouraging border areas to cooperate through cross-border migration

Pilot cross-border labor cooperation in Yunnan and Guangxi

(6) Strongly attract the international students

Conditions for international students' internships, employment and residence in China have been relaxed

(7) Explore ways to establish and improve a skilled migration system

2018, National Immigration Administration established

2021, the Outline of 14th Five-Year Plan (2021-25): explore ways to establish skilled migration system



Long-term issues vs. Urgent issues

- Aging is a long-term strategic issue, while the increase in the unemployed population is an urgent issue that needs immediate attention.
- Policymakers tend to focus on urgent issues first, this may result in inadequate attention to long-term issues.



Temporary policies vs. Institutional solutions

- Talent programs have played a significant role but they are temporary policies, are greatly affected by uncertainties.
- There is still a long way to go in establishing a mature system for skilled immigration.