

TAIWAN'S TALENT DEFICIT CRISIS

QI Dongtao

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Executive Summary

1. In early April 2011, the Taiwanese government defined Taiwan's talent deficit problem as one of its national security issues.
2. According to a declaration issued by Academia Sinica, Taiwan's most prestigious academic institute, the inflow of only about 20,000 foreign highly skilled labor to Taiwan in the past decade was outstripped by the 20,000 to 30,000 Taiwanese, mostly white collar workers, who emigrated to other countries annually.
3. Since the 1990s, China has replaced the US to become the biggest pulling factor for Taiwan's brain drain. According to a conservative estimate by Taiwan's Straits Exchange Foundation (海基会), 750,000 to 850,000 Taiwanese are working in mainland China as permanent residents.
4. The increasing Taiwanese investment in mainland China is believed to have brought more highly skilled Taiwanese workers there. The ratio of Taiwanese investment in China to that in Taiwan had increased from 1.7% in 1995 to 12.6% in 2007.
5. The two most significant factors that have pushed local talent out are low wages and unpromising career opportunities in Taiwan. Taiwanese slow economic growth and delayed industrial upgrade in the past decade were the root causes of the brain drain.
6. The nominal monthly average wage of non-agriculture workers in Taiwan in 2010 was US\$1,404, while Singapore's and South Korea's were US\$2,999 and US\$2,436, or 2.1 and 1.7 times Taiwanese wage, respectively.
7. In terms of wage increase from 2000 to 2010, while Singapore and South Korea registered 68.8% and 65.2% increase, Taiwan's wage increase was only 4.7% in the past decade.

8. The populist political environment has prevented the Taiwanese government from increasing the wages of some outstanding researchers with a controversial “anti-fat cat” (反肥猫条款) policy.
9. Taiwan’s foreign talent policy is the least liberal and most passive one among its major Asian competitors of Singapore, Hong Kong, South Korea and Japan. It has an even more conservative policy for recruiting mainland Chinese students and talent.
10. To tackle the talent deficit crisis, the Taiwanese government has planned to spend NT\$60 billion (about S\$2.56 billion) before 2013 and revise 31 relevant laws and regulations.