

**CHINA PLANS TO UPGRADE THE SKILLS
OF ITS LABOR FORCE**

HUANG Yanjie

EAI Background Brief No. 786

Date of Publication: 24 January 2013

Executive Summary

1. Although China today boasts a huge labor force, it still suffers from an acute undersupply of high-skilled workers. In 2011, China's certified skilled workers and high-skilled workers constituted barely 13% and 5% of its total labor force, respectively.
2. Moreover, most of China's certified skilled workers are relatively old and concentrated in state-owned enterprises and traditional industrial sectors.
3. The lack of qualified technical workers in new high-tech sectors constitutes one of the most serious constraints in the development of the country's manufacturing sector, which is lagging far behind that of developed countries.
4. It also raises serious hurdles for China's overall industrial upgrading. In particular, there is a lack of experienced technicians who are conversant with imported equipment and state-of-the-art technologies.
5. As a consequence of the market-oriented reforms, China's labor market tends to be dominated by labor-intensive industrial development. For many years, private enterprises have little incentive to train and upgrade the skills of their workers.
6. Meanwhile China's technical and vocational education system has not developed in tandem with higher education expansion and rapid industrialization. Technical schools are either neglected or forced to upgrade and merge with general institutions of higher education.
7. In recent years, the Chinese government has included the training of high-skilled workers in its national development strategy, targeting at adding 10 million high-skilled workers to its talent pool in the next ten years.

8. The new strategy employs a multi-pronged approach. The government plans to revamp its technical education system, strengthen new on-the-job training programs, create new system of skill classifications and offer special economic and political privileges for the highly skilled.
9. A high-level leading group helmed by the Head of the CCP Central Organizational Department has also been formulated to supervise the national skill-upgrading program.
10. Many provincial and city governments have also unveiled their own skill-upgrading policy programs. The Master's Studio, originally a Suzhou skill-upgrading project, has become a national institution.
11. China's effort to upgrade the skills of its workers is set to meet many obstacles, due possibly to its reliance on state-owned enterprises, a highly volatile labor market and stiff competition from other countries, among other unfavorable factors.