# CHINA'S LABOR MARKET IN 2013: MIGRANT LABOR SHORTAGE AND EDUCATED UNEMPLOYMENT

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# Executive Summary

1. China’s labor supply is set to witness a turning point in 2013 as its working age population will peak and start to decline, as evidenced in the declining number of young migrant workers under 30.

2. The labor shortfall is offset by the entrance of almost seven million college graduates, the most populous force in young entrants to the labor market. However, their employment prospect vis-a-vis the young migrant workers is not encouraging.

3. Young migrant workers, in particular skilled workers, are hotly courted in the job market, enjoying fast rising wage rates and better employment conditions.

4. For most recent college graduates, this could be an even tougher year to find a decent job as only 30% had secured a contract in particularly Beijing and Shanghai in May 2013.

5. College graduates are thus more sensitive and vulnerable than migrant workers to the current economic slowdown.

6. China’s labor market in 2013 reflects structural problems inherent in its economic development model. The labor-intensive manufacturing and service sectors are likely to continue to dominate as industrial upgrading is not keeping pace.

7. With the decline in labor supply, the wage rates of migrant workers are likely to upsurge. However, their job security is dependent on the sustainability of the current growth model.

8. The employment situation of college graduates has narrowed the socio-cultural gap between the less and more educated youths. Issues like social

justice have become more salient and education-based social mobility has lost its effectiveness.

9. To meet possible graduate unemployment, the government has taken some short-term measures such as expanding grassroots civil service staff recruitment and postgraduate education.

10. In the long term, however, the government would do well to reform the economic structure and provide more jobs for the college graduates. Current policies show that the government is committed to launching deep-level reforms of the economic structure.