

Sujet: Pénurie de main-d'œuvre en Chine ? / Labour shortfall in China ?

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Postcard from China - Labour Shortfall

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^[4]I recently spent two weeks visiting companies in various cities in China, including Shanghai, Chongqing, Xiamen, Beijing, Xi'an as well as in Hong Kong and Macau. In general, most companies have seen a substantial increase in momentum to their business growth so far this year. Companies in a wide range of industries—tourism, machinery, infrastructure, retail, health care, telecommunications and software—all indicated strong growth, not only compared to the same period last year (which was at a low level), but also compared to the high levels of the fourth quarter of 2009. Meanwhile, banks are more cautious about lending this year, especially with regard to property developers. Contrary to last year when the central government initiated a massive stimulus program to boost the economy, the challenge for China this

year is to maintain economic growth yet avoid overheating.

During my visit to the western city of Chongqing, I was amazed to find an article in a local newspaper about a factory owner who had just hired three new employees from an employment center. In the accompanying photo, the owner was happy and smiling, having driven his luxury car to recruit workers. Managers themselves need to go out and find labor in China these days! Indeed that was news.

This apparent phenomenon of a labor shortage in China is becoming severe. Not only is this shortfall in traditionally labor-intensive export areas such as the Pearl River delta in the south and the Yangtze River delta in the east, but also in the country's western and northern regions. Managers from several export-oriented industrial companies with factories in Guangdong told me that despite 15% to 20% wage hikes for factory workers, firms are still experiencing difficulty recruiting workers.

One of the main reasons behind the labor shortage is that there are increasingly more job opportunities inland. Factories in the coastal regions rely heavily on migrant workers coming from the country's mostly rural inland areas. As these areas become more prosperous, migrant workers who might have previously relocated in search of work are staying closer to home. In addition, it is also becoming harder to find young Chinese who want to work in factories as China's younger generation is generally more optimistic about their career options.

After years of being the world's low-cost producer, China no longer seems to have a cheap labor pool as its heartland catches up with its more modern coastal regions. Better living standards throughout the country will surely lift China's domestic consumption over the long term. However, for the time being, factories that rely on cheap labor should likely see their already thinning profit margins come under further pressure. This will likely force them to either exit the industry or try to move up the value chain and increase productivity.

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