

# SOME ASPECTS OF EXPORT LABOUR SERVICE IN CHINA

Yan Xiaopei (阎小培)

*Centre for Urban & Regional Studies, Zhongshan University,  
Guangzhou 510275, PRC*

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**ABSTRACT:** This paper focuses on the evolution and characteristics of the export labour service in China since the modern time especially since the reform of economic system in 1978. Historically the contract workers, central to the goal of making a living, were the main body of the international migration. And Guangdong and Fujian provinces were the main origin places of the migration but the destination of the migrants varied. Both pull and push forces for driving the migration were identified. Then analysis is turned to the characteristics of export labour service of China since the reform of economic system in 1978. 1) The export labour has increased rapidly despite a small quantity. 2) The export labour service is planned and organized. 3) The export workers are considered temporary migrants. 4) The dominant ways of export labour service are project contracts and pure labour export. And 5) the destinations of export labour are scattered over the world. Thirdly, the impact of the export labour service on the origin places and the emerging problems and contradictions were examined. In China, export labour service has alleviated the employment contradiction and gradually become one of sources of gaining foreign currency on the one hand, and China, through the service, has learnt the advanced technology and management experiences of other countries. However, some problems in the service such as small number, unsatisfactory quality of the export labour, and the weak link between the service and employment are emerging, which need to be solved. Finally, the prospects for China as a large country of export labour was discussed.

**KEY WORDS:** export labour service, international migration. .

## I. INTRODUCTION

Labour export in this paper refers to that the residents in a country, in order to get incomes, move to other countries to be engaged in productive and nonproductive activities in a particular period. For a long time, China had

closed its door to the outside world. Before 1949, China had experienced the feudal and semi-feudal and semi-colonial periods of more than 2000 years. During the 30 years from 1949 to the economic reform, self-reliance was over-emphasized. Chinese international migration including labour export was not important, which, together with the fact that little research on Chinese international migration had been done, make foreign and Chinese scholars know little about it. However, labour export of China is not a new phenomenon. As early as the middle of the 19th century, large numbers of Chinese labour moved abroad to make a living. Since the reform of economic system and opening to the outside world in 1978, China has adopted an open-door policy, its economy has been gradually integrated into the world economy and its labour export has expanded and has gradually become a component of the international labour market. This paper focuses on the export labour service of China, traces its historical evolution, analyses the current characteristics, examines its impact on socio-economic development, identifies the emerging problems and prospects for its future, the purpose is to offer a few commonplace remarks on labour export research by way of introduction so that the others may come up with valuable opinions.

## II. HISTORICAL REVIEW ON THE LABOUR EXPORT OF CHINA

The history of the labour export of China can be divided into three parts: brisk period from the Opium War in 1840 to the First World War; bleak period from the First World War to the liberation of the People's Republic of China in 1949; control period from the liberation to the reform of economic system in 1978.

1) **Brisk Period.** In this period, a large-scale emigration occurred, the migration was central to the goal of making a living and scattered all over the world. Several characteristics could be identified.

First, contract workers were the main body of the international migration. Contract workers were unemployed people who made contracts with foreign based companies or Chinese foremen to work overseas. Within the 80 years from 1851 to 1930, the number of the contract workers totalled nearly 8 million (Table 1)<sup>[1]</sup>.

Second, Guangdong and Fujian provinces were the main origin places of the migration but the destination of the migrants varied. During this stage, these two areas supplied 90 percent of Chinese migrants. In fact Guangdong shared two thirds of the total and Fujian one-fourth. These migrants left for

**Table 1 Export Labour of China, 1800—1930**

Time	Destination	Labour
1801—1850	Total number	320,000
	Southeast Asia	200,000
	Latin America	42,000
	North America	18,000
	Australia	10,000
	Others	50,000
1851—1930	Total number	7,694,000
	Southeast Asia	6,000,000
	Russia	750,000
	Latin America & Hawaii	400,000
	North America	206,000
	Europe	200,000
	South Africa	70,000
	Australia	68,000

Source: Calculated from Zhu (1989) and Tian, F. and Y. J. Chen (ed.) (1986).

all corners of the world including Southeast Asia, North America, Africa, even the Caribbean, South Africa, Europe, North Africa, the overseas Chinese clustered mainly in Asia (90 per cent of the total) especially Southeast Asia (four-fifths) and North America (5 percent)<sup>[2]</sup>.

Third, the intention of the migration or labour export was mainly considered economic. The migration intention of people was closely associated with domestic and international socio-economic backgrounds. In other words, the migration resulted from the push forces from the origin places and pull forces from the destination.

Several push factors from the origin places can be identified. 1) Demographic reasons. Since the Ming Dynasty, as the national economic core shifted towards the south, the population in Guangdong and Fujian provinces increased dramatically. The economic growth was unable to keep up with population growth, which created severe unemployment problems. 2) External reasons. After the Opium War, considerable foreign capital was exported to China. The development of foreign industries destroyed, to a great extent, the traditional socio-economic structure of southeastern China, which made large number of farmers and handicraftsmen impoverished. On the other hand, in China, the capitalist production relation was not built up yet at that moment and therefore urban industries were not able to create enough jobs for them. Thus, those impoverished people in the coastal provinces especially Guangdong and Fujian with the favorable geographical locations, had to move abroad

for seeking a live hood. 3) Internal political-economic reasons, During that period, the domestic politics and economy such as the corrupt and incompetent rulers, frequent chaos caused by war, heavy exorbitant taxes and levies, had made the people live in dire poverty. To survive many people had to go abroad as contract workers. In addition, since the Opium War, the rulers of Qing Dynasty lifted the ban on maritime trade or intercourse with foreign countries and made some contracts of export labour with some countries such as Britain and France.

Pull factors from the destinations included: (1) The exploitation of plantation economy in Southeast Asia. During the 19th century, western colonial powers invaded in Southeast Asia to develop their colonial markets and plantation economy, which caused considerable demand for labour force. (2) The discovery of the gold mines in North America. (3) The information of easily making a living in Southeast Asia. These factors had strong attraction to Chinese impoverished people. Both push and pull forces resulted in large scale international migration of Chinese people.

2) **Bleak Period.** During this stage the economy of Southeast Asia had been heavily influenced by the economic depression and the area had been involved in the Second World War. So making a living there became uneasy and the Chinese international migration tended towards standstill.

3) **Control Period.** After the foundation of the People's Republic of China in 1949, China followed a centrally-planned socialist system and industrialization strategy. The Chinese economy and people's living standard were improved considerably. In the 1960s China began the service of export labour. At that time, the so-called labour export was mainly sending some technicians to Africa and other developing countries in the form of economic and technological aid. The goal was to help develop their national economies according to assistance agreements of the Chinese government with those countries rather than earning money through the labour export. This situation lasted till the end of the 1970s. Obviously, from the 1950s to the 1970s, the export labour service of China was characterized by small quantities and limited destinations. The Chinese labour force was not included in the world labour markets.

### III. CHARACTERISTICS OF EXPORT LABOUR SERVICE OF CHINA SINCE 1978

In 1978, the 3rd Plenum of the 11th Central Committee of the Chinese Communist Party put forward the policy which focused on economic construction, reform of economic system and opening to the outside world, and there-

by established a policy base for the export labour services. Since 1978, some institutes related to labour export have been set up by the departments and commissions of the State Council, provinces and autonomous regions, municipalities directly under the Central Government, and some coastal cities, and therefore the scale of export labour service of China has been continuously expanded and the destinations for export has increased.

### **1. The Rapid Increase of Export Labour**

Between 1978 and 1989, China signed more than 10,000 contracts concerning labour export and project contracts promoting the export with 139 countries and areas and exported totally 360,000 workers. Although this accumulative number only accounted for 0.30 per thousand of total population in 1989 and 0.60 per thousand of labour force, the workers stayed overseas per year gradually increased. Table 2 showed that there was an average of 31,000 export workers per year to stay abroad between 1982 and 1983, and the average number increased to 51,000 in 1984 and 1986, having an increase of 64.52 percent over that of 1982—1983; and it further rose to 67,000 between 1987 and 1989, increasing 31.37 percent than that from 1984—1986. Between 1982 and 1989, there was an yearly average of 55,000 export workers who stayed overseas, and in 1989, the number stayed overseas came to the top of 70,000, increasing 2.3 times over 1982. These figures showed an expanding tendency of export labour service of China.

### **2. The Planned and Organized Export Labour Service**

In China, the export labour service has been controlled by the central government and only a few work units are qualified to manage the export labour business. Although the particular ways of export labour vary considerably, such as the labour export accompanying the contract projects or pure labour export; the labour export related to engineering and industrial production, or survey and design or technical device, they are all planned and organized<sup>[3]</sup>.

### **3. The Export Workers as Temporary Migrants**

Although the export workers totalled 360,000 during the 11 years between 1978 and 1989, the average stayed overseas each year was only over 40,000. This showed that Chinese export workers normally stayed abroad for a short period and there were identified tentative migrants. Due to the export

labour service being centrally planned and officially organized, those exported workers have to return to China after the contract projects were completed. In addition, most of the exported workers were young or middle-aged and married, their wives and children still stayed in China, which, to some extent, determined their short-term migration behavior.

**Table 2 The Export Labour of China, 1982—1989**

Time	Average number stayed overseas per year	Increase rate (%)
1979—1981	20,000—30,000	
1982—1983	32,000	65
1984—1986	51,000	
1987—1989	67,000	31

Source: Chinese Population Yearbook, 1990.

#### **4. The Dominant Ways of Export Labour Service — Project Contracts and Pure Labour Export**

The so-called external project contract is that the Chinese institutes or firms in the form of inviting tenders, contract and implement various kinds of construction projects in other countries, Hong Kong and Macao according to international practice. When Chinese institutes or firms make the contracts, they, according to the government's terms, export a certain number of workers to put these projects effectively. The pure export labour service is that Chinese institutes or firms, in the form of obtaining wages, provide technical and physical labour services for the owners or proprietors of enterprises or contractors in other countries, Hong Kong and Macao according to the norms of the contracts. The exported workers by these two ways accounted for 99 percent of the total. The number of export labour by the project contracts change from several hundreds in 1979 to 30,000 in 1985 and fluctuated from 24,000 to 31,000 between 1986 and 1989. Between 1979 and 1989, China signed a total of 4,219 project contracts, having an average of 422 per year. The number of export labour by this way totalled 190,000, being 18,000 per year averagely. During these 10 years, China signed 6,408 contracts of export labour, having an average of 641 per year. The number of export labour by this way (year-end number stayed overseas) increased from 2,000 in 1979 to 27,000 in 1984, 25,000 in 1985, 19,000 in 1986, over 30,000 in 1987 and 41,000 in 1989. China, according to the contracts, totally exported 225,000

workers from 1982—1989, having an average of 28,000 per year and the peak year being over 40,000. Table 2 showed the change of percentage of export labour by the two ways. If the percentage was regarded as a yardstick, the export labour service of China was dominated by the pure labour export from 1982—1984 and from 1987—1989, but the project contracts were dominant in 1985 and 1986.

### 5. The Export Labor of China Scattered over the World

Chinese export labour, in spite of a small number, would be found in vast areas of the world. Chinese export labour has gone into each of the six interna-

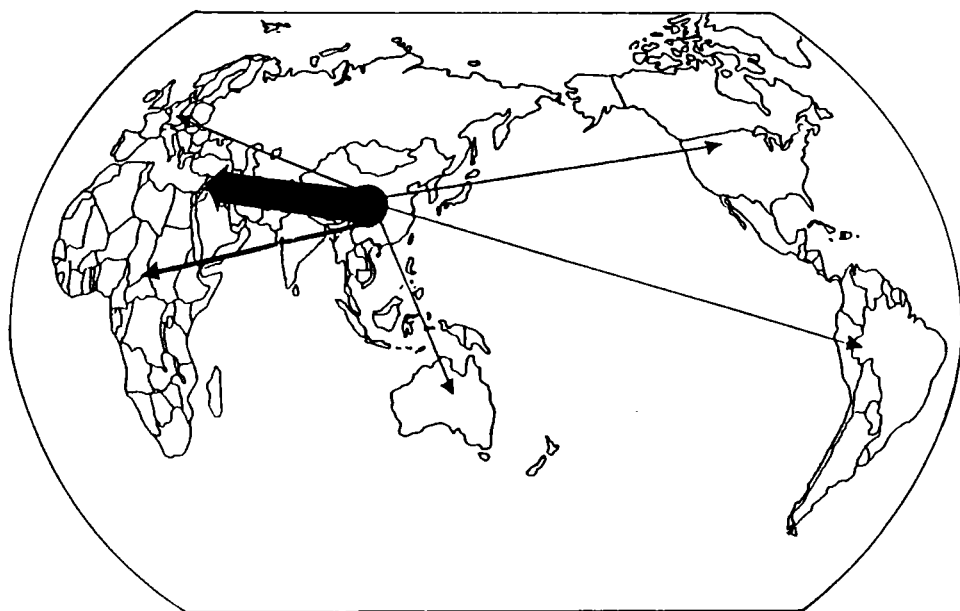


Fig. 1 The distribution of export labour in China, 1982—1989

tional labour markets, but Asia is the largest one (Table 3 and Fig. 1), especially the Middle East market such as Iraq, Kuwait, the Yemin Arab Republic, Jordan, Tunisia<sup>[3]</sup>. For example, since 1981, Chinese export workers stayed in Iraq were over 10,000 per year, in which the number exceeded 20,000 in 1985 and accounted for over one-third of the export total in the same year. Between 1982 and 1989, China exported 60,000 labour totally to Kuwait. In addition, from the 1980s, China expanded the labour export towards Hong Kong, Macao and Japan with the further economic development of these countries and areas. For instance, Chinese workers stayed in Hong Kong and Macao increased from 650 in 1982 to 15,700 in 1989. The labour in the

name of researchers exported to Japan rose from 89 in 1982 to 1,500 in 1989 (The laborers from developing countries can enter into Japanese labour market only in the name of 'studies' due to Japan's strict measures of protecting its own labour market). For China, laborers went to Japan only as researchers or graduate students. These workers were mainly engaged in the trades such as construction, manufacturing, electronics, catering, sea transportation, clothing, medical and education. The labors as graduate students went to Japan normally by non-government channel and most of them were part time students in Japan. This part of labour force increased rapidly in the middle and late 1980s and is beyond the government's statistics concerning export labour service.

**Table 3 The Destinations of export labour of China, 1982—1988**

Destination	Number	%
Asia	259,000	79.20
Africa	49,000	14.98
North America	8,000	2.45
Europe	7,000	2.14
Latin America	3,000	0.92
Australia	1,000	0.31
Total	327,000	100.00

Source: Chinese Population Yearbook, 1990.

#### **IV. THE IMPACT OF THE EXPORT LABOUR SERVICE OF CHINA AND THE EMERGING PROBLEMS AND CONTRADICTIONS**

Although the export labour service of China is still in its infancy after liberation its impact on the socio-economic development of China is easily recognized.

Firstly, the export labour service has alleviated the employment contradiction of China. China is a large country in population. In 1990 it had a population of 1,143.33 million, 912.32 million of which was identified agricultural, accounting for 79.80 percent of the total; and 420.10 million of which were rural labors, accounting for 74.04 percent of the total labour force. With the reform of economic system, the agricultural productivity has been greatly improved and therefore large number of surplus rural labour force have been released from farmland. The rapidly developing urban and rural industries have



created thousands and hundreds of jobs, which has been a solution to the employment of part of those rural surpluses. But even so, the situation of the labour supply of exceeding demand still exists and the employment contradiction is still sharp. Thus, unemployment is widespread in China. In China, urban unemployed people and estimated rural surpluses in 1990 were about 3.83 million and 94.18 million respectively. Under this background, the export labour service is significant to the economic development of China. In 1990, China exported about 80,000 laborers, sharing 0.08 percent of the urban unemployed people and rural surpluses in the same year. Although this proportion is quite small, the export labour, with its continuous expansion, will be one of the solutions to unemployment.

Secondly, the export labour service has gradually become one of the sources of gaining foreign currency in China. Table 4 listed some basic data on export labour service since the reform. From the table, all indicators showed a tendency of continuous increase, which might imply a rise of gaining foreign currency by the labour export. Other statistics from the Economic and Trade Department of China revealed that during the 10 years between 1979 and 1989, the total foreign currency gained by the export labour service was US\$ 1,100 million, having an average of over 1 billion per year.

Thirdly, China, through the export labour service, has learnt the advanced technology and management experiences of other countries in the areas of the construction and industrial production. These exported workers who have mastered the advanced technology and management experiences have become the backbone in production and management when they return to China, which will promote the modernization of the production and management.

However, some problems and contradictions are emerging in the export labour service. If the solutions to these problems are not found the further labour export will be influenced. The main problems and contradictions are identified as follows.

1) The export labour service is in a low level. In 1988, the Chinese export workers only shared 3.45 per thousand of the world total and six per one hundred thousand of the country's population which is inappropriate to its huge population. The main reason for the low level is considered the policy restrict. The export labour service in this paper is the result of the reform of economic system and therefore, the reform with caution has directly impacted the export labour service. In addition, making contracts with other countries is also influenced by politics and the technical level of workers. These made the export labour service of China cautious so that the export level is low. In China apart from the official channel of the export labour service, the nongovernmental ex-

port is active, the main type is for laborers to study abroad. In terms of the fund source, students studying abroad can be classified into those at their own expenses and those at public expenses. The former might become the permanent immigrants and the latter tentative. These kinds of migration are also strongly influenced by politics but they are not discussed in this paper due to lack of data.

2) The quality of Chinese labour force is not satisfactory and the contradiction between low labour quality and the further export labour service tends to be sharper, which might be proved by the following data. At the end of the 1980s, Chinese citizens averagely only received less than 5-year education; the illiterates and semi-illiterates were one-fourth of the total population, and in rural area, this proportion was as high as 44 per cent; nearly half of the young people at age of 15—19 did not receive secondary school education; of the population at age of 25 and above, only 9 percent received high school education. In 1987, those people receiving graduate and higher degree education only accounted for 0.88 percent in the national total; in the industrial sector, the technicians shared 2.8 percent of the total workers and staff; and 80 per cent of factory workers did not graduated from secondary school. The labour force with low educational level will not be suited to the wanted technological level and skills if they are exported in a large quantity. Obviously, China is rich in labour resources (in 1990, the working-age population was 691.42 million) on the one hand, but the labour reserves for export are not considered rich on the other hand due to their low qualities. This contradiction, with the continuously economic development and the shift of export labour service from the construction projects to industrial and technical areas is increasingly becoming of severity. Thus, China must pay more attention to enhancing the educational level of citizens in the aspects of strengthening international cooperation or accelerating the modernization.

3) Lack an inner link between export labour service and employment. From mentioned above, the export labour service has relaxed the employment problem. But this recognition might be superficial and the actual circumstances are not so optimistic. the fact is that all exported laborers are the workers and staff on the employment rather than the unemployed people. On the other hand, the underemployment is common in all enterprises and units. So, the unemployment problem is still severe. Only some sectors or enterprises with simple technology or skill and heavy intensity of labour like construction are able to absorb part of unemployed people to meet the demand for labour when some workers on the job are exported. In addition, with the rapid development of national economy and the expanding capital construction, the demand for

**Table 4 The external project and export labour contracts of China**

Year	Contracts	Sum of money (million US dollars)	Turnover (million US dollars)
I. Project contracts			
Total	5,145	12,806	8,098
1976—78	6	2	
1979	27	33	
1980	138	140	123
1981	250	276	
1982	195	346	189
1983	280	799	315
1984	344	1,538	494
1985	465	1,116	663
1986	486	1,189	819
1987	616	1,648	1,114
1988	642	1,813	1,253
1989	776	1,781	1,484
1990	920	2,125	1,644
II. Export labour contracts			
Total	10,664	2,604	1,546
1976—78	1		
1979	9	18	
1980	34	45	47
1981	113	228	
1982	119	161	159
1983	180	125	137
1984	396	199	129
1985	458	149	172
1986	458	170	154
1987	833	241	146
1988	1,484	359	177
1989	2,324	431	202
1990	4,255	478	223

Source: Chinese Statistical Bureau (1992), Statistical Yearbook of China, 1991.

**Table 5 The percentage change of Chinese export labour  
by different ways, 1982—1989 (%)**

Year	Project contract	Pure export labour
1982	26.7	72.9
1983	42.2	57.0
1984	43.8	55.1
1985	54.5	44.2
1986	58.2	40.4
1987	48.8	49.8
1988	42.2	56.1
1989	35.7	62.4

Source: Chinese Population Yearbook.

labour in the construction sector is expanding so that large number of unemployed people have been used (most of them are those rural surpluses). It might be more proper to say that the contribution of export labour service to the employment lies in relaxing the contradiction of underemployment and unemployment in some sectors or branches.

## V. PROSPECTS FOR CHINA AS A LARGE COUNTRY OF EXPORT LABOUR

The international labour markets are becoming more and more active with the internationalization of economy. In particular, the Asian labour market is showing some new trends which are causing the redistribution of labour force in Asia even in the whole world. This situation provides a chance but also a challenge for China to become a large country of export labour.

In the newly-industrializing countries and areas in Asia such as Singapore, Republic of Korea, Taiwan and Hong Kong, the birth rate of people has sharply declined, the life-span has prolonged, the tendency toward a population aging is becoming clear and the increase rate of labour force is slowing (it is estimated that the increase of labour force in these countries and areas in the 1990s might be one fourth to one second slower than that in the 1980s. So, these countries and areas are facing to the problem of shortage of labour force. For example, the government of Hong Kong approved the proposal of importing labour for the first time in 1989. South Korea lacks 500,000 white and blue collar workers. In Taiwan, shortage of labour force is hindering the implement of the 'Six-Year Plan'.

For a long time, Japan has strictly prohibited the import of foreign workers and instead it has exported capital to those Asian countries with surplus labour. Even so, it has been estimated that Japanese labour reserves will shrink beyond the century. Thus, the problem of shortage of labour force in Japan will become of severity and it might expand the scale of importing labour.

The emerging newly-industrializing Southeast Asia countries such as Malaysia and Thailand have also encountered labor problem. In these countries the shortage of white-collar and skilled workers is of severity with the result that these kinds of workers in their own countries have been attracted by the high wages of Singapore and Japan but education of their own countries has not kept the pace of the increasing demand for laborers receiving higher education.

All in all, the shortage of labour is increasingly becoming of severity with the prosperity of the newly-industrializing countries and areas in Asia. On the other hand, there are some countries with low level of economic development and abundant labour resources like Philippines, Burma and Indonesia in Asia. These countries are trying to expand their export labour service to promote the economic growth. This implies that a potential and acute competition in the Asian labour market exists. China will be possible to become a country of export labour if its government can grasp those new tendencies emerging in the Asian labour market mentioned above, summarize the lessons and experience of its practice of export labour service since the reform, make good use of current policies of accelerating the pace of the reform and opening to the outside world, relax the limitations on export labour. However, it should be noticed that there exist several aspects of limits in the export labour service of China.

1) Political Limits. Some scholars argue that China should work out a Migration Law and encourage the international migration to alleviate the population pressures. But this would result in the outflow of large number of technicians and skilled-workers by the sharp contrast of income between China and other countries. Within the over 10 years after the reform, there have been thousands and hundreds of Chinese scholars, researchers and technicians to work or study abroad, most of them might intend to stay overseas for a long period and become the overseas Chinese. Thus, under the current level of economic development, if Chinese government encourages international migration in different channels, the outflow of white-collar workers will be aggravated, the result might be the overall decrease of Chinese citizens' quality and thus influence the development of the national economy.

2) Cultural limits. It has been mentioned above that the Asian labour mar-

ket mainly wants the white-collar and skilled workers, and technicians rather than physical ones. Obviously, to increase the competition in the international labour market, the export labour service must transform from providing the common construction to technology and management. From the practice of the export labour service of China the contract projects are shifting from building construction towards industrial and advanced technological ones (e. g. build iron and steel factories, power stations, dredging harbor etc. ) and the pure labor export from providing construction and railway workers to technicians. Thus the proportion of exporting technicians is rising. Now the newly-increased working age population each year exceeds the net increase of total population. It is estimated that by 2010, the proportion of supported people in total population will be the lowest points and the labour resources will be quite abundant, which will strengthen the labour factor of production or economic growth. But the abundant labour resource is characterized by low educational level or low quality and therefore the export labour service will be limited.

3) Economic limits. The economic limits not only tie up with political and cultural limits but also constitute the basis of the later two limits. China now is in a low level of economic development. In the circumstance it should be cautious to make more open policies about export labour and international migration otherwise large number of mental workers flow abroad. And the low level of economic development directly results in the backward educational level. On the contrary, higher level of economic development means improvement of people's income and living standard and will promote the enhancement and expansion of education. In this case, a good cycle of development might form and the export labour service, under the guidance of more flexible and relaxed policies, will be expanded by different channels and different ways.

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