



Chinese Export Regions Face Labor Shortages

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BEIJING — Two of China's main export manufacturing areas are suffering from an acute shortage of migrant workers, giving laborers more leverage over wages and curtailing the expansion plans of some companies, according to a report published Monday in China Daily, an official English-language newspaper.

The shortfall is especially severe in the service and manufacturing industries. The regions most affected, both of them coastal, are the Pearl River Delta, in the southern province of Guangdong, and the Yangtze River Delta, near Shanghai. The Pearl River Delta could be short by as many as 900,000 workers, China Daily reported, citing a recent survey by the human resources department of Guangdong.

The article cited experts who said that a combination of rising living costs along the coast and low wages had led to an increasing number of workers deciding to stay in the interior of China, where living costs are much lower.

Some companies have moved factories inland, to provinces where many workers have traditionally come from, the article said. Transportation costs for goods being shipped out of China are higher in those regions, but lower labor costs appear to help offset that in some cases.

Earlier this year, a series of work stoppages at factories thrust the issue of wages for migrant workers into the national spotlight. Workers taking part in the protests demanded more pay and better work conditions, and in some cases wanted a legitimate union to represent their interests rather than relying on the government-run union, which often supports management.

The continuing labor shortage and wage pressure could eventually raise the costs of Chinese-made exports, which have been a main driver of China's impressive economic growth.

Foreign economists, as well as some Chinese economists, have been saying that China needs to move away from its heavy reliance on exports and spur greater domestic consumption. Higher wages would help in that rebalancing, as would the strengthening of the currency, the renminbi, which foreign economists and the Obama administration say the Chinese government keeps severely undervalued.

But China can point to the labor shortage in the export hubs as one reason not to let the renminbi's value rise, since companies are already grappling with the possibility that higher wages could make their goods less competitive. A significant currency appreciation could help cause a wave of business failures and bankruptcies, Chinese officials say.

There has also been an explosion in the number of labor disputes going to arbitration or the courts.

Awareness of rights among workers has grown after the passage of recent labor laws. Workers laid off during a wave of factory shutdowns that took place when the global financial crisis first hit China have been demanding the compensation due to them. Last year, there were 318,600 labor cases brought to court, according to an official news report in September.

The labor shortage in the booming Pearl River Delta is coming during the busiest time of the year for factories there, when Western companies order more goods for their holiday season. Some factories have had to turn down orders because of a lack of trained labor, China Daily reported Monday.

The Lunar New Year coming in early 2011 could worsen the situation. Every year millions of migrant workers make their way back to their hometowns for the holiday, and every year some do not return to their jobs. In the current climate, more than usual might not return, putting more wage pressure on the coastal factories.

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