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## China struggles to reverse its brain drain

**With over 70% of its overseas talent still staying outside the country, it's a big loss for the world's fourth largest economy**

By Tracy Quek

BEIJING - HER childhood dream of becoming a world-class computer scientist took Ms Yan Wangjia far from home to the United States.

For six years, the native of southern Yunnan province studied and worked beside the best in the field.

At the end of it, she had credentials that would impress any employer - a doctorate in computer science from the University of Pennsylvania and three years of related work experience at the Wharton School Computing and Information Technology Centre.

But the thought of remaining in the US somehow 'never crossed my mind', said Ms Yan, whose grandmother funded her studies.

Instead, throughout her time abroad, she felt the pull of her homeland. In 1996, she returned to China.

Fast forward to a decade later. Venus Tech, the Internet security company she founded the year she returned, has blossomed under her leadership. Its revenue has hit 400 million yuan (\$79 million) and it is a market leader in intrusion detection software and security services in China.

Ms Yan, now 38, is a high-end hai gui - a Chinese term that refers to returnees from overseas - and the Chinese government wants more people like her to come home.

In Beijing's efforts to close the gap with the world's most advanced countries, top leaders believe returnees, with their Western scientific and business knowledge as well as cross-cultural experience, will play a crucial role in helping China compete in the global economy.

They are needed, for example, to advance research and development in all fields, to raise the quality of the government service, to transform domestic enterprises into global behemoths, and to nurture talent in local universities.

China's entry into the World Trade Organisation in 2001 further reinforced the need to win overseas students back. The arrival of multinationals in China, for example, created a huge domestic demand for senior managers and specialists.

Trends that speak of a massive outflow of talent have lent an urgency to the moves to woo overseas students.

A recent report by Chinese researchers asserts that China suffers the most severe brain drain of any country, raising fears there may not be enough talent and skill around to manage the world's fourth largest economy.

More than 300,000 talented Chinese emigrants work in high

value-added industries in other countries, according to the paper published by the Chinese Academy of Social Sciences in February.

The number is rising as tens of thousands of well-trained university graduates leave the country every year, it added.

Mr Wang Huiyao, vice-chairman of the Western Returned Scholar Association and himself a returnee, says China's brain drain problem is no exaggeration.

Of the 1.06 million Chinese students and scholars who have studied overseas since 1978 - when China embarked on its policy of reform and opened up its economy - only about 280,000 have returned.

Up to the year 2000, a third of those who headed overseas returned. In recent years, however, the return rate has dropped to a quarter of those who ventured abroad, says Mr Wang.

'The absolute number of returnees has gone up, as there are many more who head abroad. But the overall return rate has dropped,' says Mr Wang, who runs a business consulting firm.

Top study destinations include the US, Britain, France and Japan. More than half study either business, commerce or management. Others take up legal studies, management, science or humanities.

'Returnees have advanced technology, they have new thinking, they are the wealth of this nation in terms of talent. So the fact that some 70 per cent or more are still outside China, this is a big loss to China,' Mr Wang adds.

He notes that high-calibre returnees have made significant contributions to the country's economy.

A number of high-tech companies in China, for example, were founded or headed by hai gui, such as Mr Zhang Chaoyang, chief executive of Internet portal Sohu.com, and Mr Ying Wu, chief executive of telecommunications company UTStarcom. Both are Nasdaq-listed companies.

To smoothen the passage home, China's central and local governments have worked to remove various hurdles.

In March, a joint decision by 16 central government offices, including the personnel and education ministries, promised lucrative preferential treatment for

'advanced-level' talent such as internationally established researchers, pioneers or team leaders in specific research areas returning from overseas.

Benefits include, but are not limited to, a handsome salary, bonuses and state research funds, as well as job and education privileges for spouse and children.

However, while doors may open for top-notch talent, others may face many stumbling blocks back home, says Mr Wang.

These include difficulty finding well-paying jobs, lack of bilingual schools for children who have been exposed to Western-style education, and intense competition in big cities where most returnees tend to congregate.

In terms of job prospects, 'here, they are valued only by multinational companies', says Mr Wang.

'Local enterprises prefer to keep the business within the family. In the government service, it is hard for them to enter at mid- or senior levels because you have to work your way up from a low rank.'

Others grapple with more personal issues. Many feel like strangers in their homeland and are unable to adapt to local conditions and environment, says Mr Mao Daqing, vice-chairman of the Western Returned Scholars Chamber of Commerce.

'They find themselves struggling to come to terms with the way things are done in China, for example red tape at the bank, the long, convoluted process of applying for business permits and so on,' added Mr Mao who is also general manager of Singapore-based CapitaLand's Beijing operations.

Venus Tech's Ms Yan is one of the lucky ones.

The Beijing authorities pulled out all the stops for her. They offered her a spot to base her company in an 'incubator' set up for overseas returnees, helped her with staffing issues and introduced her to many ministry officials.

She says she decided to return home for sentimental as well as business reasons. Speaking in American-accented English, she says: 'China is where my family and friends are, it is also where the opportunities are.'

She offers this advice to other hai gui thinking of returning: 'Don't expect everything to be handed to you. There is always hard work and risk involved in any venture. But it is exciting to be part of a place that is growing so fast, and the fact that it is your own country makes it even more meaningful.'

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