Beyond friends and foes: immigration policymaking in contemporary China

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CHAPTER 3

Skilled migrants wanted? Policy tensions in the implementation of Shanghai's 'new talent regime'

1. Introduction

At the second-to-last stop of Shanghai's subway line 13, about 45 minutes outside the city center, lies China's first immigration service center. The beige three-story building is located in Zhangjiang Science City, a national-level industrial zone tasked with trialing science and innovation policies. When the service center opened in September 2019, surrounding roads were not yet finished, and city workers were planting young trees lining them. The center, which is a collaboration between the industrial zone authorities, Shanghai's exit-entry immigration administration and a human resources company, provides services targeted at 'foreign talent'. This policy category includes high-skilled professionals – also called 'foreign top talent'— as well as foreign entrepreneurs, students and graduates. In the center, migrants can sign up for services such as Chinese language testing, enquire about private healthcare in the city, or gain information about the 'integration stations' spread out across the city. But its main function has been the processing of permanent residency (PR) applications by 'top talent', in line with a relaxation of China's stringent permanent residency rules that Shanghai pioneered since 2015. In the first years of its implementation, the number of Shanghai-based PR tripled from 2404 to 7311.[55]

As China's most international city, home to about a quarter of the country's foreign population, Shanghai is at the forefront of reforms of Chinese skilled migration policies. A state priority since the 1980s, president Xi Jinping's 2017 call to "attract

55 These figures are from the Shanghai 2019 statistical yearbook (上海统计年鉴), table 2.11 "主要年份在沪国常住人口" (Shanghai foreign resident population in key years). http://www.stats-sh.gov.cn/tjnj/nj18.htm?d1=2018tjnj/C0211.htm. More recent figures have not been published. However, according to my interviews, the number of permanent residency permit holders has since continued to grow.

talent from all under heaven and use it"[56] has given renewed urgency to the attraction and retention of skilled migrants. Its desire to retain foreign talent has led the Chinese state to explore a more comprehensive view of migrant needs. Typical of China's experimental approach to policy learning, in which some localities are authorized to gain implementation experience prior to formal legislation, Shanghai has been given a mandate to pilot skilled migration reforms, both by developing and testing new policies in its 'experimental zones' and through its early implementation of experimental national regulation (Heilmann 2018).[57] This has led to innovations like the new service center, which focus on previously largely ignored policy areas like long-term migrant settlement and migrant integration. However, despite ambitious targets, the scale and 'quality' of attracted talent have been limited, with, for instance, the number of foreign PhD-holders living in Shanghai lagging behind the national average. Researchers find Shanghai's talent attraction policies "underutilized" (Wang and Chen 2019).

This paper examines the implementation of recent skilled migration reforms in Shanghai. Focusing on the perspective of local state actors responsible for attracting and providing services to 'foreign talent', it examines the 'implementation gap,' i.e. the disparity between policies on paper and their implementation (Czaika and De Haas 2013), asking: What factors contribute to the variation in local state actors' implementation of experimental skilled immigration policies?

Since the late 1990s, when consultancy firms started to promote the concept of a global 'talent war', with states competing for skilled and especially 'high-skilled' migrants, talent attraction and retention has become a priority of immigration policy makers worldwide (Czaika 2018). Two thirds of OECD countries have now adopted high-skilled migrant attraction policies, with the BRICS and Gulf countries following suit (Cerna and Czaika 2021). This mobility of desirable migrants that benefit host economies is often portrayed as largely frictionless, with states proactive in increasing these flows. Much of the literature on talent migration focuses on issues of migrant supply, demand and retention, giving the impression of a technocratically governed migration flow largely unaffected by the politics of migration control prominent in study of other types of labor migration, from bureaucratic bargaining to managing public perceptions.

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56 Following several variations on this phrase in the preceding years, it was included in the 19th Party Congress report: "聚天下英才而用之，加快建设人才强国"，号召"把党内和党外、国内和国外各方面优秀人才聚集到党和人民的伟大奋斗中来" (Attract talent from all under heaven and use it, speed up the construction of a nation that is strong on talent, rally all kinds of excellent talent from within and outside the party, domestically and from abroad to participate in the great struggle of the Party and the people). For the full report see http://www.gov.cn/zhuanti/19thcpc/ .

57 The China (Shanghai) Free Trade Zone (established in 2013) and the Zhangjiang national demonstration area (first established in 1992). In 2019 Shanghai was also designated a national pilot zone (先行先试区) for immigration and exit-entry management, as part of a new partnership between the city of Shanghai and the National Immigration Administration.

However, drawing on interviews and policy analysis, this article foregrounds a case of contested implementation of skilled migrant liberalization policies. It finds that, while Shanghai has in recent years built an ambitious skilled migration program *on paper*, the extent of its *implementation* has been mixed, with some policies being implemented much more proactively than others. It shows how local state actors prioritized the implementation of policies they considered in line with longstanding policy goals, such as increasing the share of so-called 'top talent', while limiting the implementation of more innovative policies on which no definitive government consensus exists, such as the goal to grow a more diverse foreign talent base. I trace this risk-averse policy implementation of skilled migrant policy to 1) a centralization of policymaking under president Xi Jinping that alters incentives for policy experimentation, and 2) an emerging (re-)politicization of immigration policy in China at a time of increased nationalism in the public sphere.

Examining the policy tensions in the differentiated implementation of skilled migration reforms in Shanghai can speak to the fields of skilled migration policymaking and Chinese (immigration) policymaking. I argue that political pressures activate policy habits that push forward low-risk process-level policy reform, while limiting more experimental policy innovation. The case shows the importance of local and national policy legacies – from state treatment of foreign professionals as symbolic resources of internationalization rather than as long-term local citizens, to an immigration bureaucracy oriented towards employers rather than migrants – in a policy area that has been considered largely uniform in its aims. Crucially, it demonstrates the importance of paying attention to the politics of a migration flow that has often been considered primarily technocratic and apolitical. It also highlights shifts in Chinese policymaking in the Xi Jinping era, in which experimental policymaking is increasingly aimed at optimizing national policy rather than breaking new policy ground, while campaign-style, performative aspects of policymaking have been reinvigorated.

2. Literature review: Attracting and retaining skilled migrants

With immigration policies worldwide increasingly focused on migrant selection, high-skilled migration emerged as the least controversial immigration flow (Weimar et al 2020, De Haas et al 2016). Internationally, high-skilled migration came to be seen as a key resource for global cities wanting to boost productivity and innovation, with minimal impact on domestic employment and low political cost (Sassen 1991, Hainmueller and Hopkins 2015). At the local level, the ability to attract and retain skilled migrants has developed into an important indicator of city and regional competitiveness (Czaika 2018).

As researchers have pointed out, the often-used categories for this type of migrant 'talent' and of 'skilled' and 'high-skilled' migrants are unstable, with definitions of who is considered 'skilled' or 'talented' changing according to local economic needs. The

terms are also problematic in reinforcing gender and racial connotations around different categories of labor (see for instance Boucher 2020). Migrant-sending countries often differentiate between returning 'talent' and other skilled migrant groups, as for these countries skilled migrant attraction has long been linked to efforts to soften the brain drain of educational and professional emigration (Cerna and Czaika 2021). In addition, in the last decades states have increasingly included foreign students into skilled migration policy frameworks, allowing study-to-work transitions to build a long-term talent base (Hawthorne 2018). In this paper I adopt these terms and categories in spite of their limitations, as part of a dialogue with the literature on migrants with higher education levels and/or working in certain in-demand and high-earning professions.

As the attraction of skilled migrants became a policy priority, the effectiveness of these measures has generated much research. Quantitative analyses show for instance that supply-driven systems like a points-based system, which selects incoming migrants based on their qualifications, are more effective in attracting and selecting high-skilled migrants compared to demand-driven systems that require an employment offer or a labor market test before entry (Czaika and Parsons 2017). Still, "hybrid systems" that combine elements of both have become the norm as high-income countries have aimed to fine-tune and increase their control over migration flows (Papademetriou et al 2008).

Other research has shown that policies have a different effect on the attraction and the retention of skilled migrants. While many migrants do not consider skilled migrant policies in their decision to first move somewhere, when it comes to the decision to settle or develop a career, post-entry rights such a path towards permanent residency or the ability for spouses to work are influential (Toma and Villares-Varela 2018, Hao et al 2016, Oishi 2012). Alongside generally limited immigration systems, migrant-sending states such as China, India and South-Korea have implemented talent programs offering financial incentives to scientists and other 'top talent', with some programs open to anyone while others explicitly target diaspora groups. However, countries encouraging return knowledge migration struggle to attract returnees back permanently, leading to new forms of 'brain circulation' and demand for more flexible migration policies and a more attractive environment for long-term settlement (Gaillaird et al 2015). More generally, the wider socio-economic environment has increasingly been considered a key factor in retaining skilled migrants, leading to states' increased focus on a wider range of policies that include attempts to improve their social integration (Czaika and De Haas 2013).

Compared to the effects of skilled migration policies on migrant flows and skill composition, implementation practices on the ground have not been studied much, especially outside high-income contexts. Existing studies show that policies like the EU-wide Blue Card for skilled migrants vary in implementation within different national policy contexts, depending on local institutional legacies, such as the political economy of the domestic labor market, and historical immigration trajectories (Cerna

2013, 2014, Massey 1999). Immigration bureaucrats can use their discretionary power to experiment with policies before their codification or delay implementation to resist a shift from long-standing policy objectives, as happened when Canada implemented the world's first 'merit-based' points system in the 1960s (Tradiofilopoulos 2012, Elrick 2022). In Japan, Oishi (2012) finds that disappointing results of actively implemented pro-skill policies were due to the deterring effect of local business practices, as well as a lack of wider integration policies. However, as a 'desirable' migration flow, 'street-level' (Lipsky 2010) implementation of skilled migration policies has gone understudied.

Overall, the research on skilled migration points to a growing tension in the global migration system: states worldwide welcome skilled migrants, investing in their retention, but also design increasingly elaborate selection systems to make sure only the most desirable come in. More recently, skilled migration has also become more politicized in some contexts, with skilled migrants in Singapore facing public backlash, leading to tightened regulation and precarity among these generally considered privileged groups (Zhan and Zhou 2020). The case of Shanghai, as a city that is experimenting with liberalizing its conservative skilled migration policy, is well-positioned to examining local state actors' motivations and barriers for implementing these globally popular policies.

3. Background: Trialing China's foreign talent attraction and immigrant employment in Shanghai

By encouraging both outward and return migration as part of its development strategy, China has become a "key player" in talent attraction worldwide (Li et al 2019). Since the early 2000s, it has invested extensively in state-led 'talent programs', aiming to attract successful returnees and other 'top talent' with financial subsidies and other support (Wang and Zweig 2006). However, while the percentage of returning migrants has increased, especially since the global financial crisis, the country has been less successful in attracting and retaining 'top talent' (Zweig et al 2020). For instance, about 90 percent of Chinese emigrants obtaining U.S. PhD degrees in the natural sciences between 2000 and 2015 remained in the United States (Corrigan et al 2022). China's 'top talent shortage' is seen as an obstacle to its economic transition to a global innovation economy.

In response, experts have advocated reforms of China's skilled migrant attraction for decades. The need for dedicated 'skilled migration' legislation has been mentioned in government plans since 2002, but progress has been slow (Liu 2012). There has been growing criticism of the 'talent attraction programs', participants of which have been treated as a separate labor migration category receiving customized support, ranging from large subsidies to dedicated file managers. Compared to the rest of China's migration framework, in which issues of social integration and long-term settlement have been largely absent, the talent programs could be considered the most

"progressive" part of the immigration system (Liu 2018). However, the expensive programs, in which participants are largely hand-picked by national or local authorities, have been considered too opaque and not suited to the selection of skilled migrants that China needs (Liu 2018). At the same time, requirements for other working foreigners in the country, who generally require a job offer before entry, as well as a university degree and two years of relevant work experience, are seen as too stringent.

Since the 2016 Chinese Communist Party strategy on reforming talent work, talent attraction reform has gained momentum. While making clear that the Party wants to remain in charge (党管人才), the strategy recognizes the need to 'professionalize' talent attraction, including the relevant employment and residency policies (CPC 2016a). This reform direction was consolidated by the 2018 establishment of the National Immigration Administration, which was supposed to coordinate and speed up skilled migration reforms (see Chapter 1). Another important development was the streamlining of China's work permit system in 2017, introducing a scheme that covers all working foreigners with the aim of improving talent attraction (Liu and Ahl 2018). The system divides labor migrants into three categories: 'A' ('high end foreign talent', encouraged), 'B' ('regular foreign talent', controlled according to market needs), and 'C' (other foreign workers, restricted). The revised work permit system integrated 'talent programs' and other foreign experts, which are part of the 'A'-category.

Starting with the 2016 talent strategy, national authorities have recently started to use the term 'integration', reversing a longstanding trend of not commenting on foreigners' long-term settlement in the country (CPC 2016b). The National Immigration Administration has adopted it as well. In January 2019, it announced a national immigration service center which would explore social integration services, while in June 2019 it announced the establishment of immigration service centers and stations in areas with higher concentrations of foreigners, providing "social integration services such as policy, travel, legal, language and cultural information" to "resident foreigners" (常住外国人).[58] But beyond these initial policy announcements, the concrete terms and aims of such direct immigrant policies, which do not yet appear in any legislation, have been left undefined in this experimental phase of implementation.

In Shanghai, policymakers have played an active role in shaping these reforms. Shanghai's experience with talent attraction has informed national policy strategy, with current policy innovations long mentioned in Shanghai policy planning documents. As the space for national reform grew after 2015, Shanghai has also been proactive in trialing new policies. Attracting foreign talent is considered important to both Shanghai's

58 "国家移民管理局启动移民事务服务中心筹建工作" [NIA starts work on an immigration service center]. *Xinhua*, January 24, 2019. http://www.xinhuanet.com/politics/2019-01/24/c_1124038981.htm

domestic and international competitiveness.[59] Officials call developing the right mix of human capital the "core" of Shanghai's effort to become a 'global innovation center' and an 'excellent global city'.[60] Domestically, the city prides itself in outranking other Chinese cities on most measures of internationalization. It claims a uniquely tolerant immigration culture (海纳百川), based in its 20th century immigration history, when the percentage of foreign residents was higher than it is now. However, compared to the global cities it aims to compete with, Shanghai's foreign population of around 200,000 is still very small, making up less than one percent of its total population. Furthermore, Shanghai's foreign labor population stopped growing after 2015, when the city counted over 91,000 long-term foreign residents on an employment visa.[61] Local officials emphasize that the scale and "quality" of talent attracted remain limited (Zhang 2019, Wang and Chen 2019), raising the question of why this is the case. Returning and foreign migrants also face an increasingly educated and competitive domestic labor supply, in which foreign credentials are less valued than they used to be (e.g. Farrer 2019).

In this context, local state actors' attitudes towards skilled migrant attraction are evolving. Aimed at improving talent attraction at various levels of government, Shanghai's 'new talent policy regime' (人才新政), as it was dubbed, consists of a sprawling number of policy plans, strategies, and announcements developed by many different actors. While widely publicized, not all of these announced policies materialized, and as this paper shows, even among adopted policies, implementation varied. Rather than giving a comprehensive overview, I focus on three prominent policy goals in this set of reforms that aim to expand target groups and to improve settlement conditions for skilled foreign migrants: 1) the expansion of 'top talent' policy categories and settlement options for this group, 2) the opening up of 'study-to-work' transitions and work visas for young and entrepreneurial talent, and 3) the development of migrant integration policy. Table 3.1 provides an overview of the main policies that were trialed in Shanghai and later adopted by national immigration authorities.

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59 A 2017-2035 municipal urban development strategy (上海市城市总体规划（2017-2035年）) sets a target of 800,000 foreign residents by 2035, although this figure has not been widely advertised.

60 "上海出台人才高峰工程行动方案" [Shanghai puts out 'Peak Talent' action plan], March 27, 2018. http://www.shanghai.gov.cn/nw2/nw2314/nw2315/nw4411/u21aw1297861.html

61 上海统计年鉴2019年.

Table 3.1: Selected 'new foreign talent regime' policy measures (NIA 2019b)

Permanent residency and 'top talent' visa and permits	1. Permanent residency for high-level talent or urgently needed foreigners, as recommended by relevant zone, provincial or national authorities
	2. Permanent residency for tax-paying employed foreigners who have worked in China for four years, earning salaries 6 times the average local wage
	3. Permanent residency for naturalized former Chinese citizens who hold PhD degrees, or have worked in a national zone for four years
	4. Visa on arrival and five-year multiple-entry visa for selected top talent, technical talent and invited foreign experts
	5. Maximum five-year residence permit for top foreign talent and their entrepreneurial team members working in key sectors
	6. Part-time work annotation for foreign top talent working at key universities, research institutes or companies
'Young talent' visa and permits	7. Residence permits (2-5 years) for excellent foreign university students holding degrees from key Chinese universities (BA and up) engaging in entrepreneurial activities
	8. Residence permits (up to 2 years) for foreign graduates from foreign key universities engaging in entrepreneurial activities
	9. Visa (1 year) for foreign interns invited by well-known Chinese companies
Integration	10. Building immigration affairs service centers (or stations) in areas with higher concentrations of foreigners

4. Methodology

The case of Shanghai can be considered an extreme case within China's immigration system. Its strong mandate to attract more foreign talent as a designated 'global innovation center', compared to most of the rest of the country, can yield more information into the policy tensions that lead to limited implementation. Given the difficulties of long-term participant observation of Chinese government actors, semi-structured interviews, in which officials articulate their attitudes towards policy changes and discuss their daily realities, offer a way into studying policy implementation or "policy making in action" beyond document research (Heilmann 2018: 31).

In this vein, the paper is based on field research that took place between December 2018 and October 2020. The fieldwork consisted of semi-structured interviews with 13 Shanghai-based officials responsible for making and/or implementing employment and residence policies for foreign professionals. A letter of introduction stating my status as a visiting PhD researcher at a Chinese institution helped me gain trust, in several cases further aided by a personal introduction. These exchanges, in which I asked open questions about officials' work responsibilities, policy priorities, successes and challenges, lasted between thirty minutes and three hours, with most lasting about an hour. While their job descriptions varied from heads of department to case and desk workers, most interviewed government workers were directly involved with implementation decisions on a daily basis. They were based at the municipal Exit-Entry

bureau, district-level Human Resources and Social Security, Foreign Experts bureau and Talent Attraction bureaus, community-level government service buildings, or the SEZ-based service centers including the Talent Haven in the Free Trade Zone, and the Immigration Service Center in the Zhangjiang area.

In addition, I interviewed 14 local experts of Shanghai's foreign talent attraction policies, including policy researchers involved in advising state authorities on talent attraction and experienced immigration intermediaries, and attended 11 policy information events, most of which were state-organized or supported. At these events, I gained further insight into state messaging, while also interacting with dozens of foreign nationals in attendance about their experiences in the Shanghai skilled migration policy environment. Finally, I tracked and analyzed key policy documents and official discourse on foreign talent attraction and skilled migration between 2015-2021, both at the national and the Shanghai level. These included over 50 policy strategies and regulations at the district, city and special economic zone level, and related promotional materials. I collected these online, on government portals and state media websites, and through my fieldwork, and analyzed them to map out Shanghai's talent policy reform landscape, with special attention to discrepancies between policy planning and implementation.

5. Case: Managing political risk in the implementation of skilled migration reforms

Shanghai's 'new talent regime' builds on decades of national and local talent attraction policy, accompanied by cautious immigration reforms. In this section, I examine three areas of policy reform: high-skilled talent attraction, young talent retention, and migrant integration. All three areas are characterized by risk-averse, limited implementation, although the precise dynamics vary from bureaucratic caution and pathway dependency to fear of controversy and a lack of vision.

a. Growing the high-skilled foreign talent base

Under the 'new talent regime', Shanghai policy officials had a clear incentive to increase the share of 'top talent' in the city's immigrant population. They were proactive in streamlining policy processes and shifting the focus of talent selection from political to market-based criteria. This resulted in significant policy innovation, especially at the process-level, with officials working in a more transparent manner and with improved interdepartmental coordination. However, the focus on increasing participant numbers in 'top talent' categories made officials less interested in addressing resulting policy tensions, such as the impact of the new work permit system on other skilled migrants. Policymakers also did not prioritize addressing recognized bottlenecks in 'top talent' attraction, such as a traditional focus on state-company relations, rather than providing policy information to migrants directly.

Previously, management of 'top talent' had been little regulated in written policies, with a significant role for political discretion. As part of the reforms the talent selection process became more 'policy-based' (政策化), i.e. with more transparent and unified policy categories and selection criteria. Officials appreciated the more detailed new work permit categories, in which the talent programs made up just one of the categories for high-skilled foreign talent. Most popular were the 'market-oriented' options, for which the applicant should earn at least six times the average local salary.[62] Someone who meets these salary requirements for four years is qualified to apply for permanent residency through their employer. Multiple officials noted that this had been the biggest category of 'top talent' since the introduction of the policies in late 2016 and 2018, respectively. As one human resources official based in the Zhangjiang zone in Pudong put it: "This is the biggest change. Previously we did not value high-income foreigners very much. Now the companies' selection is more important" (S-O2, 3/2019). By comparison, participants in national or Shanghai talent plans, previously the main group of foreigners receiving preferential treatment, now made up a smaller portion of 'top talent'.

Policy officials described growing 'top talent' groups as their top priority, and proudly cited the increased numbers of A-category work permit holders and permanent residency applicants in their zone or district, or the improved processing times. The increased urgency around improving foreign talent attraction had also improved interdepartmental cooperation. Officials from the foreign experts bureau and the human resources department in Changning and Pudong noted that cooperation with their local exit-entry department had gotten "closer," and that previous frustrations around such cooperation had decreased (S-O2, 3/2019; S-O9, 1/2019). Several 'single-window' counters for processing migrant work permits were now jointly operated by the Human Resources and Social Security and Exit-Entry bureaus. Visa agents noted that the increase in transparency of policy processes had been a major shift. Policies were applied more uniform across Shanghai, application requirements were clearer, and personal connections or under-the-table transactions now hardly played a role (S-I3, 6/2020; S-I4, 6/2020)). For permanent residency applications, especially, there had previously been a lot of unstated requirements, such as company financial statements.

The new focus on "optimizing the make-up" (优化结构) of foreign professionals had wider consequences for the overall skilled migrant population. Work permit application requirements for B-category applicants had gotten stricter after 2017, requiring more original and notarized application materials. Unlike 'high-end talents,' who were encouraged without an upper limit, these 'professional talents' should only be admitted "according to market needs," a criterion that was increasingly selectively applied (SAFEA

62 "Shanghai sets the requirement higher than this national baseline at 600.000RMB annually before tax and 120.000RMB a year in taxes.

2017). Foreigners, agents and officials all noted an increase in application rejections, due to the more stringent qualification checks. As one official from a policy research unit at the Exit-Entry Bureau noted, there was a risk that only the needs of 'top talent' would be considered in policymaking, while they should in fact "serve all foreigners" working in Shanghai (S-O1, 3/2019). However, most officials noted that increasing the number of 'top talents' was more important, arguing that A-category requirements could be further relaxed. The new point-based application option, in which a score determined your category based on criteria including age, education level and income level, was hardly used because of its high threshold for A-category status.

According to policymakers I spoke to, the narrow focus on growing applicant numbers led to some contention on how to best do this, and to what extent existing modes of migration management needed to be reformed. Traditionally, talent attraction officials had mainly interacted with companies hiring foreigners. As key state partners, these companies might receive customized policy information or leniency as needed (S-O7, 12/2018). Indeed, this was still the case, as I witnessed in the training sessions for company human resources representatives at the talent hubs. But this focus on the employer no longer seemed sufficient now that some new policies, such as the path towards permanent residency for foreign PhD-holders with a Chinese background, were aimed at individual migrants. As one official put it: "How do we let people know about these policies, and how do they know which categories there are?" (S-O8, 12/2018) Some officials noted the growing need for direct outreach to migrants, for instance in the form of accessible websites and translations of the detailed policy requirements and procedures. Now, it was difficult to find reliable policy information, some of which differed per district, and much of which was not available in foreign languages. However, others did not think it was their task to inform the foreign public, noting that they were not in control of the effect of the policies and the government's powers are limited. Despite their proactive attitudes towards implementing the policy relaxations targeting high-skilled talent attraction, officials thus remained wary of more substantial policy innovation at the implementation level.

b. Experimenting with young and part-time talent

In addition to boosting the share of foreign 'top talent', the 'new talent regime' also expands the target groups of talent attraction policy, hereby reversing longstanding work permit policy. Chinese companies can now hire "excellent university graduates" from Chinese or foreign institutions, in a departure from the usual requirement of two years of work experience.[63] Other policies allow students and graduates to start

63 National regulations for hiring recent graduates with MA degrees came out in 2017, published by the Ministry of Education, while the Shanghai 2017-2021 'Juying jihua' talent plan also allows BA-graduates to be hired in Shanghai's special zones.

businesses (while part-time work has generally not been allowed on a student visa), and permit part-time work for scientists working in the special zones, breaking with the rule that migrants can only work for the employer sponsoring their work permit. For this group of innovative policies, the implementation was markedly different from that of the high-skilled migrant policies. While on paper, Shanghai policy makers now have several policy routes through which to grant excellent university graduates work permits, both at the BA and MA level, in practice officials have adopted a risk-averse approach, maintaining a low level of implementation while they waited for higher levels to evaluate the trial.

Considering recent graduates 'foreign talent', especially, was controversial. Some officials pointed out that allowing graduates directly onto the job market ran counter to legislation requiring foreign candidates to have urgently needed skills, and the overall policy direction of favoring highly skilled professionals and limiting others. To signal their caution, officials sometimes distanced themselves from this policy by noting that it was not their idea but came from the national or municipal level. One human resources official called the policies a "contradiction" which they had long debated, and noted the tight labor market for domestic graduates. Others were less negative, noting that the policy should be seen as a "breakthrough" in thinking about foreign employment and that the small number of qualified foreign graduates were hardly able to influence China's domestic employment situation. An official at a newly opened Overseas Talent Center in Pudong considered the policy's merits:

> *"The C-category… is meant for short-term and temporary labor. It is not completely open, because employment here is not especially strong, and it might cause conflict. So we only open it for graduates… it sounds reasonable when you think about it. International students study here and gain an understanding of Chinese culture. To send them back right away does not sound very reasonable." (S-O8, 12/2018)* [64]

Opening up part-time work for foreigners was similarly controversial. For both policies, officials believed that they could be used by undesirable applicants, who would cause problems (S-O2, 3/2019; S-R1, 4/2019). This situation resulted in a paradox: officials would say that the goal of implementing these experimental policies was to better understand demand for them, but also concede that they were not promoting the policies, and limiting implementation. For instance, only some candidates from prestigious Shanghai universities, such as the NYU-Shanghai branch, would be considered. These rare approved cases would be promoted on

64 As these students without work experience do not meet the requirements of the A or B categories, they fall in the C-category of the work permit system for those who "fulfill a need in the domestic labor market, and meet national policy requirements" but do not fit anywhere else.

state media, in articles that emphasized Shanghai's increasingly ideal employment climate for foreign graduates from Shanghai universities, without mentioning the application restrictions.[65]

Agents and individual migrants who wanted to make use of the policies ran into these limited implementation dynamics. Officials at the counter were often insufficiently informed about the policies, or referred to unpublished application restrictions. One European student who wanted to make use of a 2018 policy trial to legally set up a business in the Free Trade Zone while studying at a Shanghai-based university had to show a clip from state media to human resources officials at the FTZ talent service center to demonstrate that the policy existed. He ended up as their first successful applicant, receiving an "entrepreneur" annotation on his residence permit, but not without bending the rules for the required documentation. "It is very difficult to be completely legal", he found (S-M2, 3/2019).

While the departments issuing work and residence permits to working migrants in China had long focused on high-skilled migration, now they were also encouraging new types of foreign employment. The inclusion of foreign students, typically managed by educational authorities, in the skilled labor market was considered especially controversial. For these policies, street-level officials saw more potential problems than advantages in actively implementing them. Without a clear consensus, even Shanghai officials could be "very conservative" (S-I3, 6/2020). At the same time, as these policies had become part of national skilled migrant policy discourse, they did not completely reject them, instead implementing them at a low level. As one policy researcher put it: "It is always better to develop a policy than to evaluate it. Who wants to say things are not working? Saying a policy is bad is not a very good thing" (S-R2, 3/2019).

c. Defining immigrant integration

A third policy area that has undergone changes in Shanghai is migrant 'integration'. Shanghai played a significant role in the agenda-setting of and subsequent experimentation with integration policy. Debate on this issue started in 2016, when one researcher's policy proposal to establish 'social integration service stations' aimed at foreign migrants was picked up by the Shanghai municipal government, before being integrated into national policy discourse (S-R1, 8/2020). This culminated in Shanghai hosting China's first immigration service center in Zhangjiang, with six "integration stations" spread out throughout Shanghai. However, in the absence of a wider government vision or legal basis for immigrant integration, Shanghai officials were unclear about the scope and target group of current integration policy, resulting in

65 "Global talents gravitate to Pudong," China Radio International, May 30, 2019, https://chinaplus.cri.cn/chinaplus/mychina/life/35/20190530/296011.html; "Shanghai witnesses new heights of Sino-US cooperation," Xinhua, November 8, 2017, https://www.shine.cn/news/metro/1711086086/.

limited and performative implementation. For these integration measures, like for the earlier discussed skilled migrant policies, implementation focused on an elite migrant group with which Chinese immigrant officials are most familiar.

'Integration work,' as officials also called it, was most developed at the Gubei integration station, located in an affluent area of Shanghai with a history of immigration. Here, in this officially recognized 'international community', officials felt comfortable with the concept, which built on their experience in dealing with local immigrants that dated back to the 1990s. Since 2018, this work had been rebranded as 'integration services' and expanded to include more practical and policy-related topics. Previously focused on organizing cultural events, they now provided bilingual information sessions on topics from how to apply for a Chinese driver's license or start a business. A new counter in their community service center could process foreigners' work and residence permits. The Expatriate Centre (TEC), a newly founded state-funded social organization run by migrants, allowed for more migrant-centered and "free" service provision, for instance in organizing events around religious holidays on which Party members faced restrictions (S-O13, 8/2020). Activities were not limited to any migrant group, but in practice most attendees were high-earning local residents. Gubei officials emphasized that foreign residents were a permanent feature of their community, and community regulations included clauses on 'social integration' specifying residents' rights and duties.[66] "When they leave and return, they are coming home," as one Gubei-based public official put it (S-O10, 9/2019).

The Zhangjiang immigration service center also targeted its integration services at a limited group of foreign talent. As a staff member explained, the center's integration services referred to the help and information they provided to top talent. "That is what integration policy means right now" (S-O3, 6/2020). The company had also developed a website and other materials with information about Chinese culture and history, from food culture to information on Shanghai's history. However, as an estimated 70% of permanent residency applicants visiting the center were former Chinese nationals, this information was admittedly "not so relevant" for them (S-O3, 6/2020). This mismatch reflected a wider issue in the targeting of integration services: the center would invite immigrant representatives to attend policy announcements with a focus on candidates that "looked foreign" rather than Chinese, despite a majority of Shanghai-based 'top foreign talent' having a Chinese and/or East Asian background.

The lack of a broader vision for migrant integration beyond these initial initiatives was leading to a "bottleneck" in migrant integration. As a researcher advising local authorities put it: the goal of these services was unclear as no one knew "what

66 For instance, Article 10 of the regulations notes that differences in nationality, skin color and religion should never lead to unequal treatment, but that the celebration of immigrant holidays should not disturb the daily life of other residents.

successful integration would look like" (S-R1, 8/2020). Rather than addressing this issue, local authorities focused on putting on regular events announcing new services or policy procedures, which would be framed as integration work and widely covered in Shanghai state media. At one such event at the Gubei service center in October 2020, announcing expanded online application options for skilled foreign talent, the audience largely consisted of elderly local residents, invited to attend by their neighborhood committee to fill up the venue.

A further complicating factor for the development of integration policies was the emerging politicization of skilled migration. A public backlash against proposed permanent residency regulations in February 2020 had led to widespread caution within the bureaucratic system. A 2020 survey evaluating migrant response to Shanghai's social integration services was hardly promoted for fear of attracting negative attention from the public (S-O3, 6/2020) (see also Chapter 6). Even prior to this controversy, some talent attraction officials expressed discomfort with the term 'integration services' itself. They associated it with the preferential policies for foreign talent, or with a tendency within Chinese society to treat foreigners "better than national citizens" (S-O6, 12/2018; S-O9, 1/2019). They stressed the larger trend of a fading distinction between foreign professionals and Shanghai's significant domestic talent base. In this context, any new migrant-specific policies should avoid being "unfair" or "controversial".

Shanghai authorities had started a process, new to Chinese immigration management, in which "the issue of integration is formulated as a problem" for which concrete policy measures are designed and implemented (Penninx and Garces 2016). Their experimentation had led to new discourses, services and institutional arrangements, such as the establishment of immigrant service centers and social organizations. To avoid attracting unwanted attention from superiors or the public, they interpreted the new policy mandate within the city's legacy of service provision to selected elite migrants. However, underlying questions of who should be integrated into Chinese society, and what such integration should look like, remained largely unaddressed.

6. Discussion

Based on the analysis of implementation dynamics across three key policy areas, this section teases out the uneven implementation of Shanghai's experimental policy reforms in the area of skilled migrant attraction and retention. As the case shows, the Shanghai 'new talent regime' provided an opportunity for local state actors to liberalize parts of its skilled migration framework, incentivized by a central-level policy push on talent attraction and special economic zone development, as well as longstanding local policy goals on innovation and internationalization. Despite this favorable policy context, implementation of these policies has been cautious and risk-averse, albeit to different degrees. I argue that political calculations activate policy habits that allow

low-risk process-level policy reform to proceed, while limiting experimental policy innovation that carries more political risk.

While the implementation of skilled migration policies is often considered largely exempt from political pressures, the local-level implementation dynamics of skilled migration reform in Shanghai show that this is not always the case. In fact, Shanghai's reforms are shaped by the wider Chinese policy context, particularly1) a centralization of Chinese policymaking, resulting in shifting incentives for policy experimentation and a performative, campaign-like policy implementation style, and 2) an emerging re-politicization of immigration policy, in which China's global integration is increasingly questioned by parts of the Chinese public and policy establishment.

a. Centralizing Chinese policy innovation

In Shanghai, officials were most eager to implement experimental policies that fit with longstanding policy goals around which there was no controversy. These included the push to increase 'top talent' migrant flows in line with national talent strategy, aided by process-level bureaucratic innovations that were encouraged by other on-going bureaucracy-wide efforts, such as that to cut red tape and increase cross-departmental cooperation. There was an emphasis on implementing policies earlier and more thoroughly than in other localities, rather than pioneering more exploratory policies.

This finding fits with earlier research on experimental policy under president Xi Jinping. Since 2012, Chinese policymaking has been characterized by considerable centralization (also called 'top-level design'), which has resulted in a reduction in experimental policymaking (Teets and Hasmath 2020). As Han (2020) points out in his study of Chinese higher education, Chinese policy experiments vary in the balance between central involvement and local autonomy. They can be more 'directed' or 'authorized' or more 'exploratory' or 'retroactively authorized'. In Shanghai, the experimental talent policies were all authorized 'on paper' and embedded in national policy guidance. However, at the level of implementation, officials differentiated between experimental policies they felt comfortable fully implementing, and policies considered more contested or undefined. This was accompanied by reduced time for testing policy, with the interval between early implementation in Shanghai and national implementation increasingly short.[67] Rather than gaining bottom-up experience over a period of time, the central government now "assigned" (点名) Shanghai to finetune a policy for a few months before nationwide adoption (23).

One effect of this centralized policymaking has been that different localities are under pressure to achieve the same central goals. The post-2015 push for talent

67 A multiple-entry visa for high-end talent, for instance, entered a trial period in Shanghai on January 1, 2018 but was adopted nationwide on March 1 of that year; the work permit regulations were trialed in Shanghai and other locations in November 2016 and implemented nationwide on April 1, 2017.

attraction reform has led to more competition for talent domestically, as more Chinese cities introduce their own 'talent regimes'.[68] In this context, Shanghai's implementation was increasingly aimed at standing out from other localities, and showcasing its more effective bureaucracy. This could be seen in the frequent mentioning of nationwide records in the number of permits processed or 'top talent' attracted, or in comments on the difficulty these reforms would face in locations with less experience in immigration management.

Furthermore, as the central-local relationship had become more hierarchal, local officials were more focused on being perceived by superiors as producing the right kind of results. Xi-era policy making has oscillated between bureaucratic regularization and the frequent use of top-down campaigns mobilizing bureaucrats to achieve ambitious targets. This campaign-style policymaking was also prevalent in talent attraction post-2015, where it reinforced 'performative' policy habits, such as the development of policy plans at a high speed and the production of evidence of policy development and output in forms visible to superiors, such as propaganda. These dynamics, in which authorities were primarily concerned with the short-term evaluation of their superiors, were at odds with the stated aims of some of the reforms, which required cultivating new bureaucratic habits, such as a more migrant-centric policy approach. Concerned with avoiding accidental unwanted outcomes, more exploratory policy experiments were implemented much more passively. While such 'playing it safe' behavior has been criticized by central leadership as a new form of corruption (Tu and Gong 2021), my fieldwork confirms that the current policy environment does not encourage reformers, even in a global city like Shanghai.

b. An emerging (re-)politicization of immigration policy in China

Within a more centralized policy system, local officials aim to minimize the occurrence of negative feedback from superiors. As part of its legitimacy strategy, in the reform era Chinese leadership has become fixated on social stability and highly responsive to public criticism, especially in policy areas outside the regime's core interests (He 2018, Tang 2016). With the state increasingly unwilling to share power, public perceptions of state responsiveness have arguably become even more important to central authorities (Gries and Wang 2021: 138). In this context, any occurrence of public controversy around a policy area can backfire for local officials.

For decades, talent attraction in China, as well as the broader issue of increasing immigration from a small base, was a largely uncontroversial developmental agenda. However, while understudied, there are clear signs that the saliency of immigration policy has been increasing in recent years. One example is the vocal online media

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68 "20余城掀起"人才争夺战"" [Over 20 cities enter a 'talent war'], *Xinhua*, March 29, 2018, http://www.xinhuanet.com/city/2018-03/29/c_129839097.htm

presence of ultranationalist groups, whose strong anti-immigrant sentiment caused authorities to stall the implementation of new permanent residency regulations in 2020 (see Chapter 6). At a time of high youth unemployment and record numbers of Chinese graduates, foreign participation in the labor market has also become more controversial. Finally, a deterioration of US-China relations since 2018, in which skilled migrants on both sides were targeted as security threats, and the Covid-19 pandemic border restrictions, led to intensified nationalist state propaganda on China's self-sufficiency, including in talent policy.[69] Even when not directly linked to skilled migrant policy, this mix of factors state actors needed to balance heightened the political sensitivity of migration policy, heightening a historical level of caution towards work concerning the 'foreign' (涉外) within the Chinese bureaucracy (Pieke 2011: 61).[70]

These politicization dynamics informed the implementation of Shanghai's skilled migration reforms, creating uncertainty about the public response and long-term policy goals that local officials aimed to manage through muted and "performative" policy implementation (Si 2020). For policies that might attract controversy, implementation was kept at a minimum and officials generally chose to not actively promote the experimental policies. This caution also affected experimentation in the development of social integration services, a new policy area on which no blueprint exists. For the 'top talent' attraction, however, U.S.-China political tension was cited as an extra reason to move away from state-led 'talent programs', which had attracted U.S. scrutiny.

On paper, the 'new talent regime' opened up space for state actors to reconsider the increasingly permanent and diverse position of working foreigners in Shanghai society, raising questions such as: Who counts as 'foreign talent'? Should foreign university graduates be allowed a chance to compete for local jobs? Should the government provide integration services to migrants and, if so, what should those look like? In practice, however, there was not much space to have that debate. Instead, local officials interpreted the often vague and inconclusive national policy guidance in conservative ways, guided by bureaucratic experience and path dependency.

Shanghai's history of catering to talent program participants and other 'top talent' and 'foreign experts', as well as the experience in high-end migrant enclaves form a foundation for decisions on how to design new migration services, including so-called

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69 Qiu Yong邱勇, "自觉履行为党育人为国育才的使" [Conscientiously carrying out the mission of training people for the Party, talent for the country]. *People's Daily*, April 19, 2022, http://paper.people.com.cn/rmrb/html/2022-04/19/nw.D110000renmrb_20220419_2-09.htm.

70 The term '涉外' can refer to both matters related to foreign countries and to foreign nationals. The fact that immigrant management is considered '涉外' exemplifies the lack of conceptual differentiation between foreign migrants living in China and foreign nationals more broadly. It also helps explain the risk perceptions of cases related to foreign nationals to attract public attention or internal scrutiny. See Li and Jiao (2020) for a discussion of how these factors can influence Chinese police interactions with foreign nationals.

'integration'. In addition to limiting the space for policy innovation, the repoliticization of immigration policy reinforces longstanding policy practices in this policy area, including the state's treatment of foreign professionals as symbolic resources of internationalization rather than long-term local citizens, an immigration bureaucracy oriented towards employers rather than migrants, and a putting off of long-term strategy. Propaganda narratives of carefully selected migrants praising the Chinese state remain a dominant source of skilled migration policy information, invoking the 'foreign friends' rhetoric and imagery from the socialist era (Brady 2003). These practices offer an example of how historical understandings of immigration continue to inform skilled migration policy implementation. However, in doing so, authorities reinforced confusion about their policy targets, and inadvertently misinform the Chinese public by spreading unrealistic images of immigrant lives. In its focus on reproducing 'overseas talent' as a political symbolic resource, rather than a long-term part of Chinese society, this continued emphasis on the "ritual" (Xiang 2011) aspect of talent attraction work, too, impedes reform of China's skilled migration system.

7. Conclusion

The case of Shanghai's talent attraction reforms highlights the impact of local policy dynamics on skilled migration policy implementation. This analysis finds that Shanghai policymakers implement globally popular talent attraction policy principles in a differentiated manner, limiting the implementation of more progressive policies and focusing on policies aligned with low-risk administrative reforms. Given the consensus in literature on the importance of social integration and long-term settlement options for talent attraction, Shanghai's limited implementation of these policies suggests that it will be difficult to grow its skilled migrant population as planned. The narrow focus on 'top talent', while neglecting the policy needs of other labor migrants, will further impede the formation of the type of labor market associated with a 'global city'. There is a parallel here with China's internal mobility policies, in which an emphasis on population control and a bias towards attracting 'elite' migrants at the expense of integrating other migrants has arguably worked against urbanization goals (Ren 2016).

The case of Shanghai's 'new talent regime' also underlines the importance of researching the politics around skilled migration policy implementation – and of moving away from the assumption that it is a purely technocratic, unpoliticized policy field. As Cerna and Czaika (2021) argue, too little is known about the effectiveness of increasingly global talent attraction policies. Such research can provide a more in-depth understanding of the 'implementation gap', taking into account variations between central and local policy, on paper or unwritten, or the rigor with which a policy is implemented. Zooming out from these bureaucratic practices to the broader policy environment points to the range of political factors that can inform skilled migration

policy implementation, from central-local relations and bureaucratic relations to local migration governance history and public opinion.

Finally, Shanghai's talent attraction also provides insight into the development of China's overall immigration regime. While there are incentives for skilled migration policy liberalization, propelling more cities across the country to adopt such policies, the conservative implementation of these policies in China's most international city demonstrate the difficulty of substantial immigration reform in the absence of a more unified government vision on the role of foreign migration in Chinese society.